CHAPTER 4: AUDITED FINANCIAL STATEMENTS AND RELATED INFORMATION

AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON DRAKENSTEIN MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Drakenstein municipality, which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 14 to 74.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2009 (Act No. 12 of 2009) (DoRA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclpsures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. Paragraph 11 et seq. of SA Standards of GRAP, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Drakenstein municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

8. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Drakenstein municipality as at 30 June 2010 and its financial performance and its cash flows for the year then ended, in accordance with SA Standards of GRAP and in the manner required by the MFMA and DoRA.

Emphasis of matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Significant uncertainties

10. With reference to note 49 to the financial statements, the municipality was served with letters from two companies claiming compensation for losses suffered when their buildings was damaged by a fire. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

11. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2009 have been restated as a result of errors discovered during 2009/2010 in the financial statements of the municipality at, and for the year ended, 30 June 2010. The error is in respect of the provision for electricity and water sales for 2007/2008.

Additional matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Material inconsistencies in other information included in the annual report

13. At the date of finalising my audit, the annual report has not yet been finalised. I have therefore not been able to determine if there are any inconsistencies between the audited information and other information presented in the annual report.

Unaudited supplementary schedules

14. The supplementary information set out on pages 70 to 78 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. As required by the PAA and in terms of *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the following key laws and regulations; MFMA, Municipal Regulations (Regulations – GNR/GN), DoRA, Local Government: Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA), Municipal Structures Act of South Africa, 1998 (Act No. 117 of 1998) and financial management (internal control).

Predetermined objectives

16. Material findings on the report on predetermined objectives, as set out on pages xx to xx, are reported below:

Non-compliance with regulatory requirements

Municipal Systems Act

Internal auditing of performance measurements

17. Drakenstein Municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required in terms of section 45 of the MSA. Consequently the performance audit committee did not review the quarterly reports of the internal auditors on their audits of the performance measurements of the municipality.

Usefulness of reported performance information

The following criteria were used to assess the usefulness of the planned and reported performance:

- Consistency: Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated development plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
- Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?

- Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit findings relate to the above criteria:

Planned and reported performance targets not specific, measurable and time bound

18. For the selected objectives, 97% of the planned and reported targets were not:
    - specific in clearly identifying the nature and the required level of performance;
    - measurable in identifying the required performance;
    - time bound in specifying the time period or deadline for delivery.

Reliability of reported performance information

The following criteria were used to assess the reliability of the planned and reported performance:

- Validity: Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
- Accuracy: Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
- Completeness: All actual results and events that should have been recorded have been included in the reported performance information.

The following audit findings relate to the above criteria:

Reported targets not reliable as inadequate supporting source information was provided

19. For the selected objectives the validity, accuracy and completeness of 22% of the reported targets could not be established as sufficient appropriate audit evidence could not be provided for audit purposes.

INTERNAL CONTROL

20. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives as well as compliance with the MFMA, DoRA and MSA but not for the purpose of expressing an opinion on the effectiveness of internal control.
21. The matters reported below are limited to the significant deficiencies regarding the findings on the report on predetermined objectives.

Leadership

22. Actions are not taken to address risks relating to the achievement of complete and accurate performance reporting. There is a risk that all the municipality's mandates will not be achieved as the related performance indicators are not specific and measurable as adequate supporting documentation could not be provided for all performance outcomes.

OTHER REPORTS

Investigations in progress

23. The internal audit unit performed an investigation on the procurement of flags for the 2010 Soccer World Cup and the Public Viewing Area. The report has not yet been tabled at the date of this report.

Auditor-General

Cape Town

30 November 2010

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

COMMENTS FROM THE ACCOUNTING OFFICER ON THE REPORT OF THE AUDITOR GENERAL TO THE WESTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON DRAKENSTEIN MUNICIPALITY ON FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2010, IN TERMS OF SECTION 121(4)(e) OF THE MUNICPAL FINANCE MANAGEMENT ACT, NO. 56 OF 2003

Kindly note that these comments provided should be read together with the above-mentioned report from that of the Auditor General for the year ended 30 June 2010. Herewith, comments of the Accounting Officer of Drakenstein Municipality on the above-mentioned report.

The unqualified audit report contains certain issues for which comments are provided below, where relevant. The paragraph references correspond with the references in the Audit Report and paragraphs for which no comments are provided are noted.

10. Significant uncertainties

As stated in note 49, the municipality has been sued by Nova Packhouse (Pty) Ltd and Paarl Print for losses suffered when the building was severely damaged by fire.

There has been extensive and detailed investigations conducted as well as public hearings by the Department of Labour pertaining to this issue. Our legal representatives are awaiting the final transcripts and Heads of Argument before a decision can be reached and when to respond to the municipality on this issue.

After completion of this process, the expectation is that, taking into account the Chairman's findings, will be conducted or a civil claim will be instituted.

11. Restatement of corresponding figures

The municipality had restated its comparative figures in respect of electricity sales for the prior financial year.

13. Material inconsistencies in other information included in the annual report

Section 127 of the MFMA is clear on the timeframe about the submission and tabling of the annual report and section 126 about the submission and auditing of annual financial statements and not the annual report.

Executive Management took note of the comment and will effect suggestions and recommendations to have a completed annual report going forward.

FINAL DRAFT

17. **Internal auditing of performance measurements**

We agree that the Performance Audit Committee did not review the quarterly reports, as quarterly reports were not submitted to the committee and going forward these reviews will performed.

There have now been systems and mechanisms developed and processes in place for auditing the results of performance measurements as part of its internal audit processes.

Consistency, relevancy and measurability concepts have been taken into account and the municipality will continuously improve on considering them.

18. **Planned and reported performance targets not specific, measurable and time bound**

The principle of SMART has been taken into account and the municipality will be embarking on corrective measures in applying the SMART principle.

19. **Reported targets not reliable as inadequate supporting source information was provided.**

The municipality has embarked on compiling quarterly portfolios of evidence files quarterly on Performance Information.

23. **Investigations in Progress**

The investigation about the procurement of flags for the 2010 Soccer World Cup and Public Viewing Area has been completed and has been forwarded to the Accounting Officer and is being considered by the Audit Committee.

Dr S. Kabanyane
Municipal Manager

UNDRAFT

REPORT OF THE AUDIT COMMITTEE TO THE EXECUTIVE MAYORAL COMMITTEE AND THE COUNCIL OF THE DRAKENSTEIN MUNICPALITY

The Committee presents its report for the financial year ended 30 June 2010

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Committee consisting of the members listed below should meet at least 4 times during the financial year as per its approved terms of reference although additional special meetings may be called as the need arises. During the year under review there were 5 meetings held including one special meeting. The following members served on the Audit Committee and attendance for the period was as follows.

Meeting	16 Aug 09	26 Aug 09	15 Sept 09	24 Nov 09	16 Feb 10	Total
Mr. AC Seymour CA (SA) Chairperson	√	√	√	√	√	5
Ms. M. Burger	√	√	√	√	√	5
Dr. K. Wittles	√	√	√	√	√	5
Mr. R. Morris	√	√	√	√	√	5
Mr. M. Richards	√	√	√	√	√	5
Ms. M. Mpolweni	√	√	√	√	√	5

AUDIT COMMITTEE RESPONSIBILITY

The Committee fulfills its responsibilities in terms of S.166 (a) of the MFMA1 Act as well as its terms of reference and has as far as possible complied with its responsibilities. The Audit Committee acts in an advisory and oversight capacity and therefore assists by making objective and independent recommendations to support Internal Audit, Municipal Manager, Mayoral Committee and the Council of the Municipality.

The audit committee is mainly responsible for the oversight of:

- Internal controls and risk management practices;
- Financial reporting;
- Compliance with regulatory matters; and
- Monitor ethical conduct of Councillors and officials.

The Audit Committee does not relieve management of their responsibilities but can assist them by making objective and independent recommendations.

REVIEW AND EVALUATION OF THE FINANCIAL STATEMENTS

The Committee is pleased to note that the Auditor-General issued an unqualified audit opinion on the annual financial statements of the municipality for the year ended 30 June 2010. These financial statements are prepared in accordance with the basis of accounting determined by the National Treasury as set out in accounting policy note 1 and in a manner required by the MFMA. The committee draws attention to the matters raised in the Auditor General's report on various matters ranging from non-significant housekeeping matters to control deficiency findings of lower impact and significance.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The Audit Committee notes the ongoing improvements within the Internal Audit Departments' capacity and its impact on the risk environment and therefore requires urgent intervention and resolution as this compromises the efficiency and effectiveness of internal control, governance as well as the Audit Committee's ability to fulfill its mandate.

A list of the internal audit reports and special investigation reports that served before the Audit Committee is attached as Annexure A to this report.

A Council decision in the prior year to separate the Audit Committee governance function into two separate Audit Committees' namely an Audit Committee and a Performance Audit Committee was implemented during the current year. Accordingly the two of the current members of the audit committee became part of the Performance Audit Committee effective 19th February 2010. The Audit Committee will remain responsible for oversight as detailed further in this report while the Performance Audit Committee will be responsible for oversight on performance management and implementation as well as performance auditing in accordance with the requirements of the MFMA.

PERFORMANCE MANAGEMENT

The Audit Committee notes with concern the continuing lack of urgency in the development and implementation of the Performance Management System (PMS) and its impact on the effectiveness and efficiency of the PMS and by implication on quality service delivery. A separate report by the Performance Audit Committee will be included in the annual report which highlights the various areas of continuing concern.

RISK MANAGEMENT

The Audit Committee welcomes progress by Management in the ongoing fraud prevention strategy, awareness strategy, prevention of unethical behaviour as well as a fraud response plan to deal with unethical behavior and the work of the Fraud Prevention Committee to drive prevention initiatives is noted. The function of Enterprise Risk Management remains the responsibility of management and the Audit Committee exercises oversight in respect of this function.

CONCLUSION

The Municipality has maintained an unqualified audit opinion from the Auditor General for the past financial year which is expected for a high capacity municipality. In addition this together with further progress made in other areas of governance are noted by the committee. However included in the Auditor General's findings are areas of concern and previously raised in this report includes:

- Non-compliance with supply management regulations involving significant amounts during this period and which may require further investigation.
- Material findings noted on the performance management systems of the municipality and the auditing of performance management systems.

The committee having received various reports from the Internal Audit function therefore accepts and concurs with the conclusions of the Internal Audit Function in its control environment assessment reports. Furthermore the committee fully support and concur with the Auditor-General`s overall findings on the annual financial statements for the year ended 30 June 2010 and the other key findings.

The Committee therefore recommends the Annual financial statement read together with the Auditor-General's report. The Committee looks forward to a combined assurance approach and seeks to support Council in exercising its oversight role with even more vigour and commitment.

Ashley C Seymour ***CA (SA)***
Chairperson

UNDRAFT

ANNEXURE A

INTERNAL AUDIT REPORTS AND REVIEWS DISCUSSED BY THE AUDIT COMMITTEE

	AUDIT REPORT	TYPE OF REVIEW	PRESENTED TO AUDIT COMMITTEE
1.	Repairs and maintenance audit	Compliance review	16 August 2009
2.	Fuel system (shortages and system improvements)	Special request	16 August 2009
3.	Financial statements review (Draft statements: 2008/2009)	Standing item	26 August 2009
4.	Approval of Risk – based audit plan for 2009/2010 (Consider Strategic risk assessment)	Standing item	15 September 2009
5.	Overtime audit	Compliance review	15 September 2009
6.	Performance Management Systems status report (as on 1 October 2009)	Performance audit statutory requirements	24 November 2009
7.	Information System audit	Auditor – General special report	16 February 2010
8.	Approval of Risk – based audit plan for 2010/2011 (Consider Strategic risk assessment)	Standing item	1 July 2010
9.	Telephone audit	Compliance review	1 July 2010
10.	Follow – up on Auditor – General findings	Standing item	1 July 2010
11.	Follow – up and oversight on incident register	Standing item	1 July 2010

REPORT OF THE PERFORMANCE AUDIT COMMITTEE OF THE DRAKENSTEIN LOCAL MUNICIPALITY, FOR THE YEAR ENDED 30 JUNE 2010

The Drakenstein Municipality Performance Audit Committee (PAC) is an independent oversight body accountable to Council, through the Mayoral Committee and the Municipal Manager, for watchful scrutiny and professional advice regarding the design and development of economical, efficient and effective results-based management systems and practices throughout the organisation. As this Committee was reconstituted during the year under review, it is opportune to outline the purpose and legal framework of Drakenstein's performance management and evaluation processes for the organisation and for individual staff members.

1. WHY PERFORMANCE AUDITING?

The International Institute of Internal Auditors describes 'the promise of performance auditing as *Honest, Competent Government*. Performance Management audit information indicates how well our Municipality is meeting its public governance, service delivery and socio-economic developmental objectives; and which policies and processes are achieving required results, in terms of our democratic & developmental mandate. This mandate is defined in the White Paper on Local Government (1998) as *'local government committed to working with citizens and groups within the community, to find sustainable ways to meet their social, economic and material needs; and to improve the quality of their lives'.*

The Drakenstein Council, its Mayoral Committee and Municipal Management are required by law to formulate strategic plans in consultation with the communities they serve; to allocate resources for efficient and effective implementation, regularly monitor and evaluate the results achieved. Properly audited and verified performance management information is essential to focus the attention of Council, Management, community and oversight bodies on whether the Municipality is delivering integrity and value for money, by comparing actual results against agreed budgets, targets, and service delivery plans ; and to alert Councillors and Managers when corrective action is required. Relevant, timely and accurate performance information allows Councillors and Municipal Management to pursue result-based approaches, with effective community consultation, risk management, departmental and staff performance agreements, by benchmarking service delivery standards and recognising staff excellence.

2. LEGAL FRAMEWORK FOR PERFORMANCE MANAGEMENT AND AUDIT

Several national policy and legislative requirements define the scope of performance management in the South African local government sphere:

- ***Constitution of the Republic of South Africa, 1996***

  The Constitution of the RSA (1996), paves the way for performance management with the requirements for an "accountable government". The democratic values and principles of Section 195(1) of the Constitution define the need for performance management, with reference to the promotion of economic, efficient, and effective use of resources, ensuring transparency by making information available, with responsiveness to community needs.

- ***Municipal Systems Act, 2000 and Municipal Finance Management Act, 2003***

  The Municipal Systems Act, (32 of 2000) highlight result-based management requirements and principles of democratic accountability. Section 11(3) specifically states that a municipality exercises its legislative and executive mandate by *inter alia*, "the setting of targets for delivery; monitoring and regulating municipal services; monitoring the effectiveness and impact of any services, policies, programmes or plans; and establishing and implementing performance management systems". Circulars 11 and 13 of the Municipal Finance Management Act (56 of 2003) prescribe performance areas within the Municipality's Service Delivery and Budget Implementation Plan.

  This legislation requires that a Municipality must establish a Performance Management System (PMS); the Council and Executive Mayor must promote a culture of performance management among political office bearers, councillors and its administration, and manage its affairs in an efficient, effective and accountable manner. The core components are to (i) set Key Performance Indicators, (ii) set measurable targets, (iii) monitor, measure and review actual performance regularly, (iv) take steps to improve performance, and (v) establish a process of performance reporting and evaluation of service delivery.

3. PERFORMANCE AUDIT COMMITTEE ROLES AND RESPONSIBILITIES

In terms of the Charter approved during this financial year by the Drakenstein Municipal Council, the Performance Audit Committee (PAC) is an independent entity, accountable to Council for the watchful scrutiny of internal risk and performance audit plans, management controls, public governance standards, legal compliance and developmental performance reporting. The PAC does not relieve Council, Mayoral Committee or Municipal Management of their specific responsibilities; but assists them by making recommendations for cost-effective improvements in performance and public governance.

4. PERFORMANCE AUDIT COMMITTEE MEMBERS AND ATTENDANCE

As required by its Charter, the Performance Audit Committee consisting of the members listed below must meet at least four times per annum; although additional

meetings may be called as the need arises. Four meetings were held during the year under review and a quorum of members was always present. Committee members also observed the performance evaluation reviews of the Municipal Manager and Executive Directors.

After the Drakenstein Performance Audit Committee was restructured in March 2010, the following members served on the Performance Audit Committee for the period to June 2010.

Name	Number of meetings attended
Mr W J Sewell (Chairperson)	4
Dr K Whittles	4
Mr R Morris	4

5. INTERNAL AUDIT CAPACITY

The Drakenstein Internal Audit and Risk Management Unit carried out two reviews of the Performance Management System (PMS) in the year 2009/10. The first was to review the current status of the Municipality's PMS, with the second focussing on reviewing basic compliance with legislation and regulations, especially the Municipal Systems Act 32 of 2000. Several procedural shortcomings were noted for urgent Management action. It has not yet been possible to verify the cost-effectiveness of Management's planning and controls for measurable performance information and verifiable evidence.

In the year 2010/2011, the Internal Audit and Risk Management Unit will need to implement regular audits of quarterly performance management reports. While there is a challenge noted with the capacity of the Unit's current staff complement to carry out meaningful performance audits on the levels of organisation, management and staff; a sampling method will be followed until adequate staff capacity is effected. We are glad to note that Council has resolved for the Unit to become cost-effectively capacitated, within budgetary constraints; and for the Chief Audit Executive to report directly to the Municipal Manager, who is the Accounting Officer.

6. ASSESSMENT OF DRAKENSTEIN PERFORMANCE MANAGEMENT EFFECTIVENESS

Performance Management is a relatively new process within the Drakenstein Municipality; and an experienced consultant has been engaged to facilitate management skills training and implementation of the Performance Management System. Based on our independent observations, organisational results-based management is being implemented by the Mayoral Committee, Municipal Manager and Executive Directors, with increasing commitment. The challenge remains for the

Mayoral Committee and senior management to strengthen departmental management and staff buy-in, define job descriptions with clear outputs required, enhance cost-effectiveness, timeliness of reporting and corrective action, towards promoting a sustainable performance-driven service culture of 'service excellence' in all departments.

The Municipal Management Team has committed to "rolling out" performance management tools and processes in the year ahead, with active involvement of heads of departments and staff union representatives. This will require building individual staff scorecards with measurable objectives, recognition of staff performance excellence, skills development and teamwork. Other key aspects needing development in the year ahead are effective public participation and community consultation on service delivery prioritisation; with regular performance reporting to Council, Ward Committees, residents and local stakeholder groups.

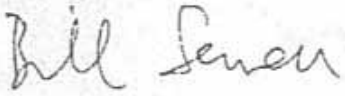
7. REPORT OF AUDITOR GENERAL ON THE DRAKENSTEIN PERFORMANCE MANAGEMENT SYSTEM

The Committee has carefully analysed the Report on Performance Management criteria and effectiveness by the Auditor General, together with comments on the Report findings.

The Committee concurs with the findings of the Auditor General that, although the basics of performance measurement have been implemented, in line with the Integrated Development Plan, effective management practices are not yet fully functional to required national standards. The Committee draws attention to issues highlighted in the year under review, which have detracted from Drakenstein's development of a sustained organisational performance culture:

- Lack of strategic leadership by the Council and Mayoral Committee, to 'champion' the processes of organisational performance planning, measurable targeting and reporting, resource optimising, monitoring and evaluation, motivation and recognition of excellent results.
- Limited management initiatives during 2009/2010 towards building a culture of departmental results in terms of quality, quantity, deadlines and cost-effectiveness. While positive signs of management commitment are now evident; we encourage acceleration of use of meaningful and measurable objectives, verifiable evidence of results, teamwork and staff skills development in the year ahead, for sustained progress.
- Performance Audit and Risk Unit resource constraints, which need to be reviewed, budgeted and innovatively resolved, to empower Council and Municipal Management to achieve their assurance of "*Honest, Competent Government*" on behalf of the people of Drakenstein.

We thank the Drakenstein Council, Executive Mayor, Municipal Management and Chief Audit Executive for their co-operation and openness to enhancing performance improvement processes discussed with our Committee, and we wish them sustained service delivery success in building on the progress of the past year. We also appreciate the professional co-operation of the Audit Committee chairperson and members, in promoting the best interests of Drakenstein Municipality's "combined assurance" of financial and non-financial performance and public governance standards.



W J SEWELL
CHAIRPERSON

FINAL DRAFT

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

The municipality has once again delivered a strong set of financial results for the year ended 30 June 2010 despite the increased demands made on the financial resources of the municipality. It is worth mentioning that the changes in the latest accounting standards being the Generally Recognised Accounting Standards (GRAP) as set by the Accounting Standards Board (ASB) were fully implemented and operated effectively during the 2009/10 financial year.

The arrear debtors has improved substantially after the formulation of a effective debt collection project team which has improved the cash flow management of the municipality and thereby allowing service delivery initiatives to be achieved. The details have been analysed within this report.

With regards to the approved capital budget, the municipality has successfully spent 93% in 2009/10 compared to 95% in 2008/09 thereof on service delivery and community infrastructure improvements effectively, efficiently and economically. The financial activities of the year are reviewed in the sections of the report.

2. OPERATING RESULTS

The overall summarized operating results for the Municipality as at 30 June 2010 are shown below. The Statement of Financial Performance reflects a summary of income and expenditure, whilst the segmental operating results per service are shown in Appendix D to the annual financial statements.

	2009	2010			2009 to 2010
	Actual	Actual	Budget	Variance	Growth
	R	R	R	R	%
REVENUE					
Property rates	121,095,532	146,675,755	149,745,127	(3,070,371)	21%
Service charges	480,815,198	556,026,434	558,059,657	7,966,777	16%
Rental of facilities and equipment	14,509,288	15,982,109	14,773,656	1,208,453	10%
Government grants and subsidies	123,758,051	153,545,776	186,783,207	(33,237,431)	24%
Interest earned – Investments	18,934,789	11,622,718	11,250,430	372,228	-39%
Other	65,674,171	49,030,161	58,586,166	(9,556,005)	-25%
	824,788,161	942,882,953	979,199,243	(36,316,289)	14%
EXPENSES					
Employee-related costs	205,081,652	234,111,977	237,895,991	(3,784,014)	14%
Remuneration of councilors	13,688,278	14,859,005	14,958,090	(99,085)	9%
Bad Debts	16,533,249	20,974,458	26,053,056	(5,078,598)	27%
Depreciation and amortization expense	120,941,628	119,009,862	152,066,318	(33,056,456)	-2%
Interest paid	18,006,279	21,638,152	21,671,813	(33,661)	20%
Bulk purchases	206,198,301	264,033,541	264,753,459	(719,918)	28%
Repairs and Maintenance	70,617,361	83,251,335	87,228,225	(3,967,890)	18%
Other expenses	126,240,180	190,631,129	206,717,914	(16,086,815)	51%
	777,306,928	948,509,459	1,011,344,896	(62,835,437)	22%

Surplus/(Deficit) for the year	(5,626,506)
Statement of Changes in Net Assets	44,571,875
Net results for the year	38,945,369
Accumulated Surplus at beginning of year	2,478,223,921
Accumulated Surplus at end of year	2,517,169,290

Included in the aforementioned table as net movement of Changes in Nett Assets, the following contributions were made to the capital replacement fund:

Depreciation on assets financed from Capital replacement reserve	69,625,744
Services installed by municipality out of CRR now received from province	16,010,395
Total Contributions	85,636,139

Actual revenue has increased by approximately 14% and is mainly due to an increase in government grants and subsidies received (24%)as well as an increase on Service Charges (18%) in the 2009/10 financial year, whilst expenditure increased by approximately 22% between the respective financial years.

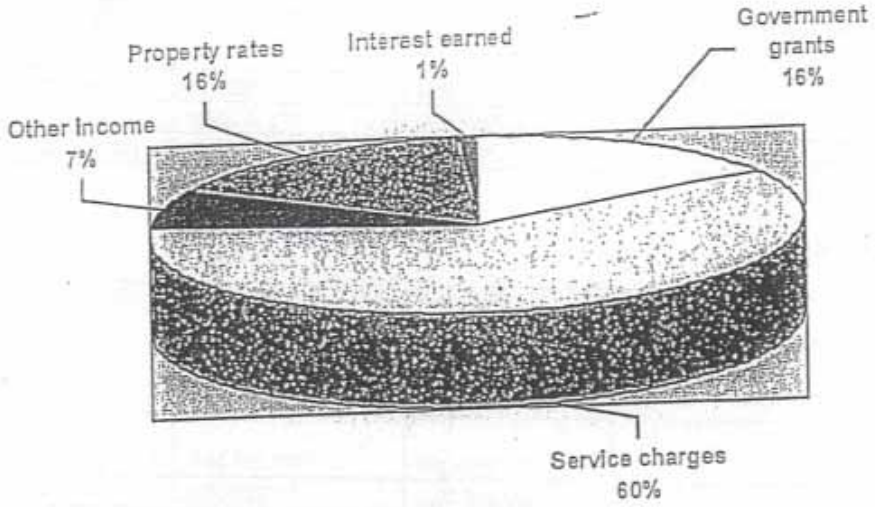
A comparison of actual results to the approved budget, and explanations of material differences, are set out in the annual financial statements as per appendix E(1).

2.1 Operating Revenue

The major revenue streams that supported the programmes and activities of the Municipality were:

- Property Rates;
- Service Charges made up as follows
  - Electricity sales
  - Water sales
  - Waste water management (sewerage and sanitation)
  - Waste management (solid waste);
- Government grants; and
- Other

The Municipality experienced a total revenue growth of 14% on the amounts realized in the previous financial year. Collection levels expressed as a percentage of monthly billings have stabilized above the 94% mark for the major part of the year. As at June 2010 the moving annual average was 94, 5%. The following graph indicates the main categories of income.

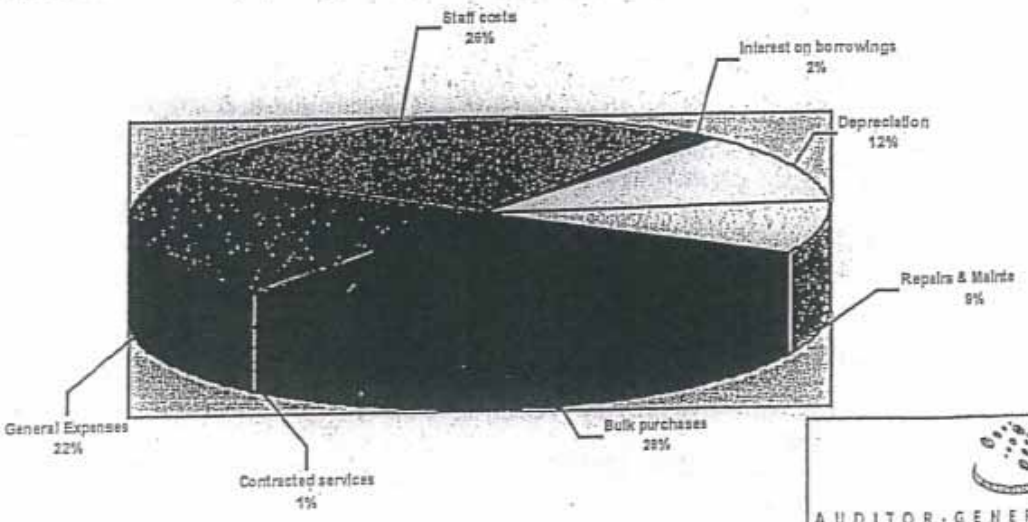


Further detail of service charges is contained in note 23 of the financial statements.

AUDITOR-GENERAL
2010 -11- 30

2.2 Operating Expenditure

The following graph indicates the main categories of expenditure for the year under review. The pro-active management control and containment of cost increases remains a key priority of the municipality. Staff costs is still the main category of expenditure is approximately 26% of total expenditure.



AUDITOR-GENERAL
2010 -11- 30

Further detail is contained in notes 28 to 35 to the financial statements.

3. OPERATING RESULTS PER SERVICE

The following is a summary of the operating results of the various services.

3.1 Rates and General Services

Rates and General Services	Actual 2010 R	Budget 2010 R	Variance 2010 R	Variance Actual/ Budget %
Income	198,581,616	222,429,876	(23,848,260)	-10.72%
Expenditure	(329,949,587)	(373,381,340)	(43,431,753)	-11.63%
Surplus (deficit) for the year	(131,367,971)	(150,951,464)	(19,583,493)	-12.97%

3.2 Housing Service

Housing Service	Actual 2010 R	Budget 2010 R	Variance 2010 R	Variance Actual/ Budget %
Income	72,197,600	77,518,145	(5,320,545)	-6.86%
Expenditure	(104,756,510)	(107,316,344)	(2,559,834)	-2.39%
Deficit for the year	(32,558,909)	(29,798,199)	2,760,710	-9.26%

3.3 Trading Services

Electricity Service

Electricity Service	Actual 2010 R	Budget 2010 R	Variance 2010 R	Variance Actual/ Budget %
Income	443,409,826	452,217,442	(8,807,615)	-1.95%
Expenditure	(363,464,193)	(366,614,220)	(3,150,027)	-0.86%
Surplus for the year	79,945,633	85,603,222	(5,657,588)	-6.61%

3.4 Waste Management (Solid Waste)

Waste Management	Actual 2010 R	Budget 2010 R	Variance 2010 R	Variance Actual/ Budget %
Income	59,916,323	59,317,861	598,462	1.01%
Expenditure	(47,266,084)	(52,885,792)	5,619,708	10.63%
Surplus for the year	12,650,239	6,432,069	6,218,170	96.80%

3.5 Water Service

Water Service	Actual 2010 R	Budget 2010 R	Variance 2010 R	Variance Actual/ Budget %
Income	104,493,268	93,715,101	(10,778,167)	-11.50%
Expenditure	(52,428,052)	(58,768,687)	(6,340,635)	-10.79%
Surplus for the year	52,065,216	34,946,414	17,118,802	48.98%

Sewerage

Water Service	Actual 2010 R	Budget 2010 R	Variance 2010 R	Variance Actual/ Budget %
Income	64,284,318	74,000,818	(9,716,500)	-13.13%
Expenditure	(50,645,033)	(52,378,511)	(1,733,478)	-3.31%
Surplus for the year	13,639,285	21,622,307	7,983,022	-36.92%

4. CAPITAL EXPENDITURE AND FINANCING

Capital expenditure incurred during the year amounted to R215, 859,607 which represented 92.69% (2009: 95.36%) of the approved capital budget. Of the amount spent, 41.80% was funded from own funds, 40% from external loans and 18.20% was funded from government grants and subsidies. Contributing factors to the excellent expenditure percentage was the implementation of a Tender Plan as well as tenders awarded for 3 years in respect of capital projects.

Capital Expenditure per Service	Budget 2010 R	Actual 2010 R	Variance Actual/ Budget	Variance Actual/ Budget %
Executive and Council	182,525	169,976	12,549	6.88%
Budget and Treasury Office	567,613	555,913	11,699	2.06%
Corporate Services	33,994,000	32,198,322	1,795,678	5.28%
Planning and Development	1,446,850	1,105,405	341,455	23.60%
Health	418,000	293,313	124,687	29.83%
Community and Social Services	5,411,239	5,238,599	172,640	3.19%
Housing	10,252,802	7,907,438	2,345,654	22.88%
Public Safety	2,753,842	2,160,594	593,248	21.54%
Sport and Recreation	21,635,824	16,873,712	2,761,414	22.01%
Waste Management	3,212,036	3,108,716	103,320	3.22%
Waste Water Management	71,728,628	70,411,341	1,317,287	1.84%
Road Transport	20,566,717	17,202,474	3,364,,243	16.36%
Water	33,038,697	32,056,659	982,038	2.97%
Electricity	27,682,699	26,577,144	1,105,555	3.99%
Total Capital expenditure	232,890,774	215,859,607	17,031,167	7.31%

- Corporate Services includes the following sub-functions; Municipal Fleet, Municipal Buildings and Administration
- Planning and Development includes the following sub-functions; Local Economic Development, Strategic Planning Unit (IDP) and Planning Services
- Community and Social Services includes the following sub-functions; Library Services, Cemeteries and Community Development.

DIRECTOR-GENERAL 2010 -11- 30

The aforementioned fixed assets were financed from the following sources.

Source of Finance	Actual 2010 R	Budget 2010 R	Variance Actual/ Budget %	Variance Actual/ Budget %
Capital replacement Reserve	90,227,910	101,121,658	-10,893,748	-10.77%
External Loans	86,370,476	89,753,785	-3,383,309	-3.77%
Government Grants and subsidies	39,261,221	42,015,331	-2,754,110	6.56%
Total Source of Finance	215,859,607	232,890,774	-17,031,167	-7.31%

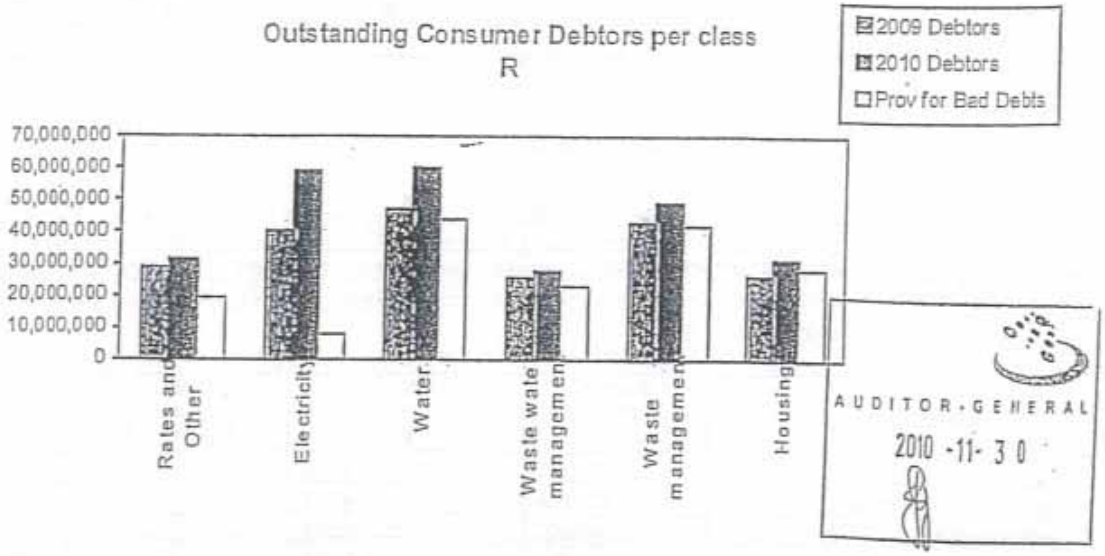
A complete analysis of capital expenditure (budgeted and actual) per functional area is included in Appendix C whilst Appendix B reflects details as per asset classes. More details regarding external loans used to finance fixed assets are shown in Appendix A. Also refer to nett changes in assets whereby a contribution has been made from accumulated surplus to the Capital replacement fund to finance the assets of the loan not taken up.

6. CONSUMER DEBTORS

Outstanding consumer debtors at 30 June 2010 were R 259,154,014. The amounts included in the consumer debtor balances considered to be doubtful are covered by an impairment provision for bad debts of R 158, 989,953 which represents 61% of the total.

The debtors payment rate has stabilized a 94.5% for 2009/10. Additional information regarding consumer debtors is contained in Note 19.

The outstanding consumer debtors as at 30 June 2010 are represented graphically below, reflecting also the coverage by the bad debts reserve.



AUDITOR-GENERAL
2010 -11- 30

7. CREDITORS

Trade creditors payable amounted to R104, 162,561 on 30 June 2010. The increase in creditors payable from the prior year is mainly due to the additional accruals in respect of water and electricity services estimate based on consumptions up until the 30 June 2010 of R39, 464,866. Other significant creditor provisions relate to existing capital projects currently ongoing and includes amongst others, the waste water treatment works projects.

8. OFFSETTING OF DEPRECIATION

The depreciation on assets financed from grants and subsidies, as well as the capitalization reserve are not made as a charge to the statement of financial performance but directly to the accumulated surplus as required by GRAP 17

9. EXTERNAL LOANS, INVESTMENTS AND CASH

External Loans outstanding on 30 June 2010 amounted to R 250,991,447 as set out in Appendix A. During the year, loans of R 85,000,000 were taken up and R 20,180,157 was repaid.

Investments (Longer than 12 months) on 30 June 2010 amounted to R 112,000. The Call Investment deposits amounted to R 163,301,780 (Shorter than 12 months) and the Cash book balance on 30 June 2010 amount to a positive balance of R 27,299,201. In 30 June 2009 there was a positive cashbook balance of R20, 835, 219.
The total Bank and Cash is allocated as follows:

	2010	2009
Capital replacement Reserve	15,255,000	18,055,482
Self Insurance Reserve	2,065,745	824,250
Consumer Deposits	8,250,360	5,956,949
Creditors	116,605,097	88,759,731
Unspend conditional grants and receipts	34,559,571	53,827,147
Cash invested for repayment of long-term liabilities	10,730,713	12,406,631
Unappropriated Surplus	3,124,505	1,951,160
Total Investments, Bank and Cash	190,600,991	181,801,350

More information regarding loans and investments is disclosed in notes 5, 14 and 21 as well as Appendix A to the financial statements.

The Housing Development Fund amounts to R34 712 927. This fund is not cashed backed because of housing debtors outstanding. The Capital Replacement Reserve (R15, 255,000) and Insurance Reserve (R2, 065,745) are cashed backed. The Government Grants and Subsidies as well as the revaluation reserve is linked to the assets financed from these grants. Additional information regarding funds and reserves is disclosed in Notes 1, 2, 3 and 4 and detailed information is reflected in the Statement of Nett Assets.

10. APPLICATION OF ACCOUNTING STANDARDS

In the 2009/10 financial year under review the Municipality produced a set of financial statements which is fully compliant with the accounting standards.

11. EXPRESSION OF APPRECIATION

I wish to convey my sincere appreciation to Her Worship the Executive Mayor, Mayoral Committee, the Chairperson and the members of the Finance Portfolio Committee, the Audit Committee, Municipal Manager and Executive Management Team for their support and co-operation received during the year.

A special word of gratitude to all financial staff especially the accounting staff for their contribution and to the staff of the Auditor-General, the auditors appointed by him, and their staff, for conducting the external audit and for their assistance, support and co-operation during the year.

Finally, a further word of thanks to everybody for the months of hard work, sacrifices and concerted effort during the year to enable the Municipality to finalise these financial statements within the prescribed period.

CAVIN PETERSEN
EXECUTIVE DIRECTOR: FINANCE (CFO)
31 August 2010

AUDITOR-GENERAL
2010 -11- 30

ontvang 16h00
Gerald.

DRAKENSTEIN MUNICIPALITY

DRAKENSTEIN
MUNISIPALITEIT • MUNICIPALITY • UMASIPALE WASE

AUDITED FINANCIAL STATEMENTS (GRAP)

30 JUNE 2010

AUDITOR-GENERAL
2010 -11- 30

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual Financial Statements, which are set out on pages 1 to 78, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 28 of these annual Financial Statements are within the upper limits of the framework envisaged in section 219 of the constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Governments determination in accordance with this Act.

DR ST KABANYANE
MUNICIPAL MANAGER

DATE: 31 AUGUST 2010

AUDITOR-GENERAL
2010 -11- 30

DRAKENSTEIN MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Note	2010	2009 Restated
		R	R
NET ASSETS AND LIABILITIES			
Net assets		**2,985,877,187**	**2,972,154,965**
Housing Development Fund	1	34,712,927	33,342,898
Reserves	2	435,721,691	460,588,146
Accumulated Surplus / (Deficit)	3	2,515,442,569	2,478,223,921
Non-current liabilities		**347,906,050**	**277,941,340**
Long-term liabilities	5	225,604,729	166,293,373
Retirement Benefit Obligation	6	94,726,369	85,910,714
Non-Current Provisions	7	27,574,952	25,737,253
Current liabilities		**258,825,163**	**218,205,135**
Consumer deposits	8	18,192,133	16,956,383
Creditors	9	173,047,244	120,769,563
Unspent conditional grants and receipts	10	34,569,571	53,827,147
Current portion of long-term liabilities	5	25,688,643	20,420,575
Current portion of Retirement Benefit Obligation	6	5,534,156	4,899,817
Current Provisions	7	1,793,416	1,331,649
Total Net Assets and Liabilities		*3,592,608,400*	*3,468,301,439*
ASSETS			
Non-current assets		**3,237,114,056**	**3,134,986,208**
Property, plant and equipment	11	3,185,368,001	3,083,285,388
Intangible Assets	12	4,931,623	4,197,275
Investment property	13	40,450,000	42,354,000
Non current assets classified as held for sale	4	1,447,895	1,447,895
Investments	14	112,000	112,000
Long-term receivables	15	4,804,537	3,589,650
Current assets		**355,494,344**	**333,315,231**
Assets classified as held for sale	16	0	0
Inventory	17	31,283,259	29,370,845
VAT	18	15,545,271	10,087,604
Consumer debtors	19	100,164,060	91,086,258
Other debtors	20	17,601,080	20,672,989
Current portion of long-term receivables	15	299,693	296,145
Cash and cash equivalents	21	190,600,981	181,801,390
Total Assets		*3,592,608,400*	*3,468,301,439*

AUDITOR-GENERAL
2010 -11- 30

DRAKENSTEIN MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2010

Budget 2009 Revised R	Budget 2010 Revised R		Note	Actual 2010 R	Actual 2009 Restated R
		REVENUE			
126,822,322	149,746,127	Property rates	22	146,675,756	121,095,532
3,200,000	1,636,845	Property rates - penalties imposed and collection charges		1,201,915	1,913,791
456,932,017	558,059,657	Service charges	23	566,026,434	480,815,198
13,876,818	14,773,656	Rental of facilities and equipment	24	15,982,109	14,509,288
9,300,000	11,250,430	Interest earned - external investments	25	11,622,718	18,934,789
0	0	Dividends - stock	25	15,120	15,120
9,360,700	9,699,336	Interest earned - outstanding debtors	25	7,120,608	9,676,875
3,705,105	15,086,608	Fines		14,931,128	9,517,841
9,027,350	9,857,704	Licenses and permits		8,738,257	8,433,878
41,034,100	186,783,207	Government grants and subsidies	26	153,545,776	123,758,051
112,844,083	19,305,673	Other Income	27	17,004,151	30,883,929
50,000	3,000,000	Gains on disposal of property , plant and equipment		18,982	5,233,870
786,352,495	979,199,243	Total Revenue		942,882,953	824,788,161
		EXPENDITURE			
200,511,603	237,695,991	Employee related costs	28	234,111,977	205,081,652
13,791,070	14,958,090	Remuneration of councillors	28	14,853,005	13,688,278
21,042,176	25,053,056	Bad debts	29	20,974,458	16,533,249
3,070,647	5,425,294	Collection costs		6,004,143	3,836,779
140,322,283	152,068,318	Depreciation and Amortisation	30	119,009,662	120,941,628
0	0	Impairment Losses	31	0	0
67,885,752	87,228,225	Repairs and maintenance		83,251,335	70,617,361
17,921,140	21,671,813	Interest paid	32	21,638,152	18,006,279
206,709,840	264,753,459	Bulk purchases	33	264,033,541	206,198,301
7,669,293	10,484,536	Contracted services		9,062,845	6,492,998
535,095	575,229	Grants and subsidies paid	34	577,361	506,888
106,893,396	190,231,886	General expenses	35	176,445,255	114,343,282
0	0	Loss on disposal of property , plant and equipment		268,245	1,060,232
786,352,495	1,011,344,896	Total Expenditure		950,236,179	777,306,928
0	(32,145,653)	Surplus / (Deficit) for the year		(7,353,227)	47,481,234

Refer to Appendix E(1) for explanation of variances

AUDITOR-GENERAL
2010 -11- 30

DRAKENSTEIN MUNICIPALITY

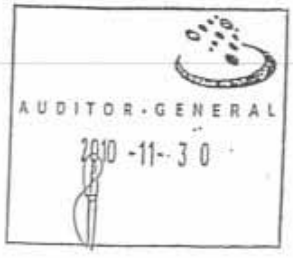
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Housing	Revaluation Reserve	Accumulated Surplus							Total
			Government Grants	Capitalisation Reserve	Capital Replacement Reserve	Donations and Public Contributions	Self-Insurance Reserve	Accumulated Surplus due to results of operations	Total Accumulated Surplus	
	R	R	R	R	R	R	R	R	R	R
2008										
Balance at 01 July 2008	32,943,858	466,241,335	180,547,365	692,654,048	30,673,843	0	1,322,682	1,498,501,126	2,403,699,064	2,902,884,257
Correction of prior year errors (refer to Note 39)										
Restated Balance at 01 July 2008	32,943,858	466,241,335	180,547,365	692,654,048	30,673,843	0	1,322,682	1,498,501,126	2,403,699,064	2,902,884,257
Net surplus for the year								20,753,369	20,753,369	20,753,369
Transfer to CRR								1,519,254,495	2,424,452,433	2,923,637,626
Property, plant and equipment purchased	0	0	0	0	70,481,896	0	0	47,481,234	47,481,234	47,481,234
Intangible assets purchased	0	0	0	0	(78,539,779)	0	0	(70,481,896)	0	0
Capital grants used to purchase PPE	0	0	23,342	0	(2,769,189)	0	0	78,539,779	0	0
Contribution to / (from) Insurance Reserve	0	0	71,901,548	0	0	0	0	2,745,847	0	0
Asset Disposals/Transfers/adjustments	0	0	0	0	0	0	0	(71,901,548)	0	0
Transfer to Housing Development Fund	0	(699,806)	(552,433)	(8,805)	0	0	(500,772)	0	(500,772)	(500,772)
Offsetting of Depreciation	399,040	0	0	0	0	0	0	1,261,044	699,806	0
Balance at 30 June 2009	0	(4,953,383)	(8,506,208)	(29,059,216)	0	0	0	1,137,837	1,137,837	1,536,878
Adjustments i.r.o. offsetting of depreciation	33,342,898	460,588,146	243,413,613	663,586,026	19,846,771	0	821,910	42,518,807	4,953,383	0
Restated balance at 01 July 2009	0	0	(140,460)	(602,252)	0	0	0	1,550,555,600	2,478,223,921	2,972,154,965
2009	33,342,898	460,588,146	243,273,153	662,983,775	19,846,771	0	821,910	742,712	0	0
Net surplus for the year								1,551,298,311	2,478,223,921	2,972,154,965
Transfer to CRR										
Property, plant and equipment purchased	0	0	0	0	85,636,139	0	0	(7,353,227)	(7,353,227)	(7,353,227)
Intangible assets purchased	0	0	0	0	(89,237,943)	0	0	(69,625,744)	16,010,395	16,010,395
Capital grants used to purchase PPE	0	0	0	0	(989,967)	0	0	89,237,943	0	0
Contribution to / (from) Insurance Reserve	0	0	39,261,221	0	0	0	0	989,967	0	0
Asset Disposals	0	0	0	0	0	0	0	(39,261,221)	0	0
Asset Transfers from PPE to Investment property	0	(75,624)	0	0	0	0	1,243,835	0	1,243,835	1,243,835
Fair value adjustment on PPE	0	(22,997,030)	(165,414)	0	0	0	0	75,624	75,624	0
Transfer to Housing Development Fund		2,549,017	0	0	0	0	0	23,162,444	22,997,030	0
Offsetting of Depreciation	1,370,029	0	0	0	0	0	0	0	0	2,549,017
Balance at 30 June 2010	0	(4,342,819)	(10,698,690)	(24,610,667)	0	0	0	(97,828)	(97,828)	1,272,201
	34,712,927	435,721,691	271,675,271	638,373,107	15,255,000	0	2,065,745	39,647,176	4,342,819	0
								1,588,073,445	2,515,442,569	2,985,877,187

AUDITOR-GENERAL
2010 -11- 30

DRAKENSTEIN MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010	2009
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	36	167,390,226	209,555,047
Interest and dividends received		11,622,718	18,934,789
Interest paid		(21,638,152)	(18,006,279)
NET CASH FROM OPERATING ACTIVITIES		157,374,791	210,483,557
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(214,869,640)	(204,641,565)
Purchase of Intangible assets		(989,967)	(2,792,530)
Purchase of Investment property		0	(33,301,050)
Proceeds on disposal of property, plant and equipment		340,163	1,261,044
Decrease/(Increase) in non-current receivables		(1,218,436)	(1,372,799)
(Decrease)/Increase in call investment deposits	21	2,347,509	1,921,002
(Decrease)/Increase in non current investment		0	-
NET CASH FROM INVESTING ACTIVITIES		(214,390,372)	(238,925,898)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		64,579,425	42,448,841
Increase in consumer deposits		1,235,749	2,230,892
NET CASH FROM FINANCING ACTIVITIES		65,815,174	44,679,733
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,799,593	16,237,392
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		181,801,390	165,563,997
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	190,600,981	181,801,390



	2010 R	2009 R
1 HOUSING DEVELOPMENT FUND		
Realised Housing Proceeds		
Balance at beginning of the year	26,115,311	24,750,129
Plus : Interest & Redemption & Other on Housing Schemes	3,160,914	3,309,558
Less : Net Loss / (Surplus) on letting schemes	(97,828)	1,137,837
Less : Housing Subsidies Expenditure	921,194	806,539
Balance at the end of the year	28,452,860	26,115,311
Unrealised Housing Proceeds		
Balance at beginning of the year		
Long term Housing Loans	7,227,587	8,193,729
Balance at the end of the year	967,520	966,142
TOTAL	6,260,067	7,227,587
	34,712,927	33,342,898
The Housing Development Fund is represented by the following assets and liabilities		
Property plant and equipment (see note 11)	281,789,155	290,504,159
Housing selling schemes loans (see note 15)	6,260,067	7,227,586
Housing selling schemes Debtors (see note 19)	781,941	671,059
Housing rental schemes Debtors (see note 19)	4,970,969	2,069,065
Sub-Total	293,802,131	300,471,869
Creditors (Unspent grants)	(3,254,424)	(4,853,793)
Re-valuation Reserve	(37,437,806)	(38,824,392)
Bank Overdraft	(218,396,974)	(223,450,786)
Total Housing Development Fund Assets and Liabilities	34,712,927	33,342,898
RESERVES		
Re-valuation Reserve		
Total Reserves	435,721,691	450,588,145
	435,721,691	450,588,145

he Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the ortion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated urplus.

istributions from the Revaluation Reserve can be made where they are in accordance with the requirements of the unicipality's accounting Policy and relevant case law. The payment of cash distributions out of the reserve is restricted by e terms of the municipality's Accounting policy. These restrictions do not apply to any amounts transferred to Accumulated urplus. The Council do not currently intend to make any distribution from the Revaluation Reserve.

efer to Statement of Changes in Net Assets for more detail and the movement on Reserves.

CCUMULATED SURPLUS		
pital Replacement Reserve	15,255,000	19,846,771
pitalisation Reserve	638,373,107	663,586,026
lf-Insurance Reserve	2,065,745	821,910
vernment grant and subsidies	271,675,271	243,413,613
cumulated Surplus due to the results of Operations	1,588,073,445	1,529,802,231
al Accumulated surplus	2,515,442,569	2,457,470,551

Capital Replacement Reserve is a reserve to finance future capital expenditure and is fully invested in ring-fenced ancial Instrument Investments.

Capitalisation Reserve equals the carrying value of the items of property, plant and equipment from the former lated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

Capital Replacement Reserve and the Self-Insurance Reserve is fully funded and invested in ring-fenced financial uments.

r to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

	2010 R	2009 R
NON CURRENT ASSETS CLASSIFIED AS HELD- FOR- SALE		
Other Assets held for sale	1,447,895	1,447,895
Total Assets classified as Non Current Assets Held-for-Sale	1,447,895	1,447,895

Non Current Assets Held-for-Sale

30 June 2010

The operations of the Health Services, namely Clinics, Community Services and Prime Health Care, were discontinued during the /ear and transferred to the Provincial Administration Western Cape on 31 March 2006 as per agreement. All moveable assets 'elated to the services will be transferred to the Provincial Health Administration at carrying value with the result that no mpairment losses were recognised on the reclassification of these operations as held-for-sale.

.ONG-TERM LIABILITIES

nnuity Loans	250,991,447	186,171,604
inance Leases	301,926	542,344
ub-total	251,293,373	186,713,948
ess : Current portion transferred to current liabilities	25,688,643	20,420,575
Annuity Loans	25,470,659	20,180,157
Finance Leases	217,984	240,418
otal Long-term liabilities (Refer to Appendix A for more detail)	225,604,729	166,293,373

1 Sur yy of Arrangements

nuity Loans are repaid over periods varying from 5 to 10 (2009: 7 to 10) years and at interest rates varying from 10.54% to .95% (2009: 10.54% to 16.95%) per annum. Annuity Loans are not secured.

pitalised Lease Liabilities relates to Equipment with lease terms of 3 (2009: 3) years. The effective interest rate on Finance ases is between 13% and 27% (2009: 13 to 15%). Capitalised Lease Liabilities are secured over the items of vehicles and uipment leased.

e management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in Annual Financial Statements approximate their fair values.

s fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered between the municipality and the relevant financing institutions.

er to Appendix "A" for more detail on Long-term Liabilities.

Obligations under Finance Leases

Municipality as Lessee:

nce Leases relate to Property and Equipment with lease terms not more than 5 years. The municipality has options to hase the Equipment for a nominal amount at the conclusion of the lease agreements. The municipality's obligations under nce Leases are secured by the lessors title to the leased assets.

obligations under Finance Leases are as follows:

	Minimum lease payments		Present value of minimum lease payments	
unts pa le under finance leases:	2010 R	2009 R	2010 R	2009 R
ble within one year	259,454	230,959	217,984	240,418
ble within two to five years	83,942	309,541	83,942	301,926
ble after five years	0	0	0	0
nt value of lease obligations	343,406	540,500	301,926	542,344
Amounts due for settlement within 12 months			(217,984)	(240,418)
nt due for settlement after 12 months			83,942	301,926

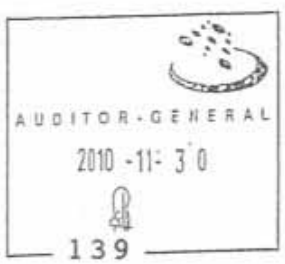
e leases have been entered into for certain items of plant and equipment. The period of the leases are 5 years. Interest

re fixed at the inception of the agreements . No arrangements have been entered into for contingent rental payments. The

term for these equipment is for the major part of the economic life of the asset even if Ownership is not transferred .

EMENT BENEFIT OBLIGATION

	2010 R	2009 R
nployment Health Care Benefits	93,494,107	87,353,349
lia Pension Benefits	6,766,418	3,457,182
	100,260,525	90,810,531
ransfer to Current Obligations	(5,534,156)	(4,899,817)
nployment Health Care Benefits	(5,167,336)	(4,591,003)
a Pension Benefits	(366,820)	(308,814)
rent defined Benefit Plan Obligation	94,726,369	85,910,714



	2010 R	2009 R

6.1 Post Employment Health Care Benefits

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2010 by Mr. W. Loots of Independent Actuarial Consultants (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service Members (Employees)	551	519
Continuation Members (Retirees)	209	218
Total Members	760	737

The liability in respect of past service has been estimated as follows:

In-service Members	44,669,000	37,776,376
Continuation Members	59,680,000	60,773,470
Total Liability	104,369,000	98,549,846

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Global Health
- LA Health
- Munimed
- Pro Sano
- Samwumed

The Future-service Cost for the ensuing year is estimated to be R2 827,482(2009: R2,431,831) whereas the Interest Cost for the year after is estimated to be R9,330,637 (2009: R8,573,637)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Rates of Interest		
Discount Rate	8.94%	8.70%
Health Care Cost Inflation Rate	7.30%	7.50%
Net Effective Discount Rate	1.53%	1.10%
Mortality rates		

The SA PA 90 ultimate Mortality table was used by the actuaries.

Normal retirement age

Expected Retirement Age is 60 or 65, depending on terms of employment contract.

The amounts recognised in the Statement of Financial Position are as follows:

Fair value of plan assets	0	0
Unrecognised Actuarial Gains / (Losses)	(10,875,433)	(11,196,499)
Present value of unfunded obligations	104,369,540	98,549,847
Net Benefit Liability	93,494,107	87,353,348

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	2,431,831	2,079,966
Interest cost	8,573,837	9,025,668
Actuarial losses / (gains) recognised		0
Post-retirement Benefit Included in Employee Related Costs (Note 28)	11,005,668	11,105,634

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	87,353,349	80,643,290
Service costs	2,431,831	2,079,966
Interest cost	8,573,837	9,025,668
Benefits paid	(4,864,909)	(4,395,575)
Actuarial losses / (gains) recognised	0	0
Present Value of Fund Obligation at the end of the Year	93,494,108	87,353,349

AUDITOR-GENERAL
2010 -11- 30

	2010 R	2009 R
Movements in the present value of the Defined Benefit Assets were as follows:		
Balance at the beginning of the year	0	0
Contributions from the employer	4,864,909	4,395,575
Benefits paid	(4,864,909)	(4,395,575)
Balance at the end of the year	0	0

he history of experienced adjustments is as follows:

	2010 R	2009 R	2008 R	2007 R	2006 R
resent Value of Defined Benefit Obligation	104,369,540	98,549,847	85,484,868	76,015,594	0
air Value of Plan Assets	-	-	-	-	0
eficit	104,369,540	98,549,847	85,484,868	76,015,594	0

perienced adjustments on Plan Liabilities

				0	0

e effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	Decrease	Decrease
act on the aggregate of the current service cost and the interest cost	3,511,000	3,032,000
act on the defined benefit obligation	120,149,000	113,369,000

municipality expects to make a contribution of R5,167,336 (2009: R4,864,909) to the Defined Benefit Plan during the next ncial y

er to Note 48 "Other Retirement Benefit Information" to the Annual Financial Statements for more information regarding the icipality's other retirement funds that are Provincially and Nationally administered.

Ex-Gratia Pension Benefits

Municipality provides pension benefits to all employees that are not members of the Pension - or Provident Funds, that have pleted at least 10 years of service at the Council and have reached the age of 60.

most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 2010 by Mr. W. Loots of Independent Actuarial Consultants (Pty) Ltd. The present value of the defined benefit obligation, he related current service cost and past service cost, were measured using the Projected Unit Credit Method.

x-Gratia Pension Benefit Plan is a defined benefit plan, of which the members are made up as follows:

vice Members (Employees)	379	0
uation Members (Retirees)	57	49
Members	436	49

bility in pect of past service has been estimated as follows:

ice Members	0	0
ation Members	6,827,072	2,960,796
liability	6,827,072	2,960,796

tribution rate payable is as follows:
tinuation members, the member contribution is 70 % and the Council contribution is 30%. For current employees the tion rate is 60/40.

rest-cost for the next year is estimated to be R366,820 (2009: 308,814). Actuaries are of opinion that future service cost t be determined for pension fund liability as all benefits vests immediately.

cipal assumptions used for the purposes of the actuarial valuations were as follows:

of Interest Rate	8.94%	8.70%
ncrease rate - pensioners	6.30%	6.50%
tive Discount Rate	2.48%	2.10%

lity rates
0 ultimate Mortality table was used by the actuaries.

al retirement age
Retirement Age is 60 or 65, depending on terms of employment contract.

AUDITOR-GENERAL
2010 -11- 30

Movements in the present value of the Defined Benefit Assets were as follows:	2010 R	2009 R
Balance at the beginning of the year	0	0
Contributions from the employer	4,864,909	4,395,575
Benefits paid	(4,864,909)	(4,395,575
Balance at the end of the year	0	0

'he history of experienced adjustments is as follows:

	2010 R	2009 R	2008 R	2007 R	2006 R
resent Value of Defined Benefit Obligation	104,369,540	98,549,847	85,484,868	76,015,594	0
air Value of Plan Assets	-	-	-	-	0
eficit	104,369,540	98,549,847	85,484,868	76,015,594	0
xperienced adjustments on Plan Liabilities	-	-	-	0	0

ie effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	Decrease	Decrease
fect on the aggregate of the current service cost and the interest cost	3,511,000	3,032,000
'ect on the defined benefit obligation	120,149,000	113,369,000

e municipality expects to make a contribution of R5,167,336 (2009: R4,864,909) to the Defined Benefit Plan during the next ancial year.

'er to Note 48 "Other Retirement Benefit Information" to the Annual Financial Statements for more information regarding the nicipality's other retirement funds that are Provincially and Nationally administered.

Ex-Gratia Pension Benefits

Municipality provides pension benefits to all employees that are not members of the Pension - or Provident Funds, that have pleted at least 10 years of service at the Council and have reached the age of 60.

most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 2010 by Mr. W . Loots of Independent Actuarial Consultants (Pty) Ltd. The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Ex-Gratia Pension Benefit Plan is a defined benefit plan, of which the members are made up as follows:

rvice Members (Employees)	379	0
nuation Members (Retirees)	57	49
Members	436	49

ability in respect of past service has been estimated as follows:

vice Members	0	0
uation Members	6,827,072	2,960,796
Liability	6,827,072	2,960,795

ntribution rate payable is as follows:
ntinuation members, the member contribution is 70 % and the Council contribution is 30%. For current employees the ution rate is 60/40.

erest-cost for the next year is estimated to be R366,820 (2009: 308,814). Actuaries are of opinion that future cost need not be determined for pension fund liability as all benefits vests immediately.

ncipal assumptions used for the purposes of the actuarial valuations were as follows:

s of Interest		
t Rate		
Increase rate - pensioners	8.94%	8.70%
ective Discount Rate	6.30%	6.50%
lity rates	2.48%	2.10%

0 ultimate Mortality table was used by the actuaries.

al retirement age
Retirement Age is 60 or 65, depending on terms of employment contract.

	2010 R	2009 R
he amounts recognised in the Statement of Financial Position are as follows:		
air value of plan assets	0	0
Inrecognised Actuarial Gains / (Losses)	(60,654)	496,386
resent value of unfunded obligations	6,827,072	2,960,796
otal Benefit Liability	6,766,418	3,457,182
he amounts recognised in the Statement of Financial Performance are as follows:		
urrent service cost	0	0
terest cost	557,488	346,213
ctuarial losses / (gains) recognised	1,018,269	0
otal Post-retirement Benefit included in Employee Related Costs (Note 28)	1,575,757	346,213
ovements in the present value of the Defined Benefit Obligation were as follows:		
lance at the beginning of the year	3,457,182	3,464,521
rvice costs	3,369,650	0
erest cost	557,488	346,213
nefits paid	(1,636,171)	(353,552)
uarial losses / (gains) recognised	1,018,269	0
sent Value of Fund Obligation at the end of the Year	6,766,418	3,457,182
vemen n the present value of the Defined Benefit Assets were as follows:		
ance at the beginning of the year	0	0
tributions from the employer	1,636,171	353,552
efits paid	(1,636,171)	(353,552)
nce at the end of the year	0	0

history of experienced adjustments is as follows:

	2010 R	2009 R	2008 R	2007 R	2006 R
ent Value of Defined Benefit Obligation	6,766,418	3,457,182	3,464,521	3,523,360	0
Value of Plan Assets	-	-	-	-	0
it	6,766,418	3,457,182	3,464,521	3,523,360	0
ienced adjustments on Plan Liabilities				0	

ffect of a 1% movement in the assumed rate of pension increase inflation is as follows:

	Increase	Increase
on the interest cost	288,000	278,000
on the defined benefit obligation	3,218,000	3,190,000

unicipality expects to make a contribution of R368,820 (2009: R 557,488) to the Defined Benefit Plan during the next al year.

nsitional Defined Benefit Liabilities for Post-retirement Ex Gratia Pension Benefits was recognised in the Annual Financial ents of the municipality as at 30 June 2006 in terms of IAS 19, Employee Benefits, paragraph155(a). The municipality cted to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability was ised as at 30 June 2006.

o Note 48 "Other Retirement Benefit Information" to the Annual Financial Statements for more information regarding the sality's other retirement funds that are Provincially and Nationally administered.

7. NON-CURRENT PROVISIONS	2010 R	2009 R
7.1. Provision for rehabilitation are reconciled as follows :		
	17,627,500	16,025,000
The movement in Non-current Provisions are reconciled as follows:		
Landfill site		
Balance at beginning of year	16,025,000	14,568,182
Contributions in current year	1,602,500	1,456,818
Balance of landfill site	17,627,500	16,025,000

In terms of Grap 19 , council will incur rehabilitation cost of R17,627,500 to restore the site at the end of its useful life , estimated to be 2012 . Provision has been made for the net present value of this cost using the average cost of borrowing interest rate.

7.2. Provision for Long Service Awards		
	11,740,868	11,043,902
	11,740,868	11,043,902
Less: Transfer to Current Provisions	(1,793,416)	(1,331,649)
Total Non-current Provisions	9,947,452	9,712,253
The movement in Non-current Provisions are reconciled as follows:		
Long Service Awards		
Balance at beginning of year	9,712,253	8,385,660
Contributions in current year	1,686,954	1,156,714
Over provision for contributions	(356,039)	50,719
Increase in provision (employee costs)	2,383,920	1,649,748
Expenditure incurred (benefits paid)	(1,686,954)	(1,156,714)
Actuarial Losses / (gains) recognised	734	757,775
	11,740,868	11,043,902
Less: Transfer to Current Provisions	(1,793,416)	(1,331,649)
Balance of Non-current Provisions at end of year	9,947,452	9,712,253

ong Service Awards

ne municipality operates a funded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable ter 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service sed on historical staff turnover. No other long-service benefits are provided to employees.

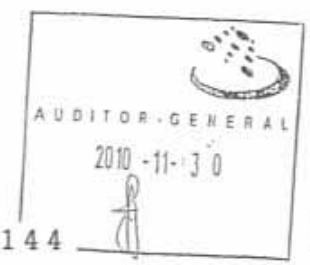
e most recent actuarial valuation of the present value of the defined benefit provision was carried out at 30 June 2010 by Mr. Loots of Independent Actuarial Consultants (Pty) Ltd. The present value of the defined benefit obligation, and the related rent service cost and past service cost, were measured using the Projected Unit Credit Method.

/ear end, 1 663 employees were eligible for Long-services Awards.

Future-service Cost for the ensuing year is estimated to be R930 076, whereas the Interest Cost for the year after is nated to be R1,049,634.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

ount Rate	8.94%	8.70%
ected Rate of Salary Increase	6.30%	6.50%
Effective Discount Rate	2.48%	2.10%
Amounts recognised in the Statement of Financial Position are as follows:		
Value of plan assets	0	0
ent value of unfunded obligations	11,740,868	11,043,902
Benefit Provision	11,740,868	11,043,902



	2010 R	2009 R
e amounts recognised in the Statement of Financial Performance are as follows:		
rrent service cost	960,386	1,005,185
erest cost	960,820	844,563
st service cost	461,960	
tuarial Losses / (gains) recognised	734	
tal expense included in Employee Related Costs (Note 28)	2,383,920	1,849,748
vements in the present value of the Defined Benefit Obligation were as follows:		
ance at the beginning of the year	11,043,902	9,593,093
rent service costs	960,386	1,005,185
rest cost	960,820	844,563
t-service costs provision raised	461,960	0
efits paid	(1,686,954)	(1,156,714)
uarial Losses / (gains) recognised	734	757,775
ance at the end of the year	11,740,868	11,043,902
vements in the present value of the Defined Benefit Assets were as follows:		
nce at the beginning of the year	0	0
tributions from the employer	1,686,954	1,156,714
efits pa	(1,686,954)	(1,156,714)
nce at the end of the year	0	0

municipality expects to make a contribution of R1,793,416 to the defined benefit plan during the next financial year.

SUMER DEPOSITS

ricity and Water	13,192,133	16,956,383

antees held in lieu of Electricity and Water Deposits were R 8,451,104 (2009 : R 8,330,944)

antees held in lieu of Electricity and Water Deposits

umer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality tilise the deposit as payment for the outstanding account.

erest is paid on Consumer Deposits held.

anagement of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

ir value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered tween the municipality and its consumers.

ITORS

creditors	104,162,561	74,503,248
eave provision	16,529,559	13,619,185
nance bonus provision	546,725	492,495
nts received in advance	8,695,933	4,693,099
reditors	43,122,464	27,461,538
reditors	173,047,244	120,769,563

erage credit period on purchases is 30 days from the receipt of the statement, as determined by the MFMA. No interest is l for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to hat all payables are paid within the credit timeframe.

nagement of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

value of Creditors was determined after considering the standard terms and conditions of agreements entered into the municipality and other parties.

l liability in respect of leave amounts to R14,802 million as at 30 June 2010. The full amount is provided for.

AUDITOR-GENERAL
2010 -11- 30

10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	2010 R	2009 R
Conditional Grants from other spheres of Government		
Equitable Share	32,429,450	47,705,172
MIG/SMIF Grants	14,394,943	22,467,156
National Government : Budget Reform Programme (FMG - Grant)	563,232	755
Provincial Government : Housing	1,028,739	1,476,383
Provincial Government : Other projects	3,254,424	4,853,793
Other Institutions	1,807,883	1,583,670
	11,380,229	17,323,415
Other Conditional Receipts		
Developers Contributions - Water , Sewerage & Electricity	2,140,121	6,121,975
Developers Contributions - Electricity	425,585	2,302,225
Developers - Guarantees	558,840	1,622,537
	1,155,695	2,197,213
Total Conditional Grants and Receipts	34,569,571	53,827,147

These amounts are separately invested in terms of section 12 of the MFMA. Refer note 26 for more detail of grants from National and Provincial Government

Refer to Appendix "F" for more detail on Conditional Grants.

PROPERTY, PLANT AND EQUIPMENT

30 June 2010	Cost R	Accumulated Depreciation R	Carrying Value R
Land and Buildings	406,762,215	10,438,968	396,325,247
Infrastructure	4,251,042,005	1,997,274,445	2,253,767,560
Community	122,562,696	14,488,738	108,073,958
Heritage	1,106,052	0	1,106,052
Other	262,400,544	128,267,238	134,133,306
Leased Assets	832,827	660,103	172,724
Housing Rental Schemes	306,495,383	24,706,228	281,789,155
Total Property, Plant and Equipment	5,361,201,721	2,176,833,720	3,185,368,001

30 June 2009	Cost R	Accumulated Depreciation R	Carrying Value Restated R
Land and Buildings	423,783,842	7,104,715	416,679,126
Infrastructure	4,107,520,125	1,894,686,335	2,212,833,790
Community	60,084,429	10,070,057	50,014,372
Heritage	1,106,052	0	1,106,052
Other	241,082,077	129,426,844	111,653,233
Leased Assets	832,827	338,173	494,654
Housing Rental Schemes	306,682,258	16,178,099	290,504,159
Total Property, Plant and Equipment	5,141,091,608	2,057,806,223	3,083,285,385

Reconciliation of the carrying amount at the beginning and end of the period is set out in detail in Appendices B, C and E (2).

Total Property, Plant and Equipment held by the municipality at 30 June 2010 comprised the amounts analyzed above and Assets classified as Held-for-Sale of R Nil (2009: R Nil).

Land and Buildings carried at Fair Value:

Land and Buildings were revalued to fair value at during the prior financial period. The effective date of revaluation was 30 June and the valuation was performed by registered and independent valuators.

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.

Assets pledged as security:

Assets have been pledged as security.

Impairment of Property, Plant and Equipment:

Municipality tested its items of Property, Plant and Equipment for any potential impairment losses on assets. Furthermore, review of the useful lives of items of Property, Plant and Equipment has been performed.

No impairment losses were recognised on other assets as a result of impairment testing.

AUDITOR-GENERAL
2010 -11- 30

	2010 R	2009 R
f Change in Estimate - Useful Life of Property, Plant and Equipment reviewed:		
hange in the estimated useful life of various assets of the municipality has resulted in the following (increases)/decreases in reciation:		
structure Assets	1,178,114	9,297,797
er Assets: Motor Vehicles	22,549,013	2,971,150
er Assets: Buildings	521,126	219,020
er Assets: Equipment, Furniture and fittings	3,967,295	3,316,719
al Change in Estimate for Useful Life of Property, Plant and Equipment	**28,215,548**	**15,804,686**

change in estimates will result in an increase of R6,132,531 in the depreciation expense for the municipality over the next financial years.

Revaluation Surplus:

Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the on of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated lus.

Revaluation Surplus is reconciled as follows:

nce at beginning of year	460,588,148	466,241,335
value t.r.o. Investment Property	2,548,017	0
t Transfers from PPE to Investment property	(22,697,030)	0
eciation offset to Accumulated surplus	(4,342,819)	(4,953,383)
t Disposals/Transfers/adjustments	(75,624)	(699,806)
nce at end of year	435,721,691	460,588,148

NGIBLE ASSETS

	Cost R	Accumulated Amortisation R	Carrying Value R
30 June 2010	7,384,473	(2,452,850)	4,931,623
ite development costs	769,554	(296,262)	473,692
ses	2,260,005	(703,997)	1,556,008
uter Software and systems	4,354,514	(1,452,591)	2,901,923
30 June 2009	6,394,507	(2,197,232)	4,197,275
te development costs	769,954	(150,511)	619,443
es	2,223,258	(1,326,651)	896,607
uter Software and systems	3,401,295	(720,070)	2,681,225

ovement in intangible assets is reconciled as follows:

	2010	2009
g value at the beginning of the year	4,197,275	2,125,387
	6,394,507	3,601,977
mulated amortisation	(2,197,232)	(1,476,590)
tions resulting from acquisitions	989,966	2,792,530
rtisation	(255,618)	(720,642)
g value at the end of the year	4,931,623	4,197,275
	7,384,473	6,394,507
mulated amortisation	(2,452,850)	(2,197,232)

ortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial iance (see Note 30).

ortisation method and useful life of intangible assets is set out in the accounting policy note of intangible assets.

e municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security iabilities of the municipality.

ctions apply to any of the Intangible Assets of the municipality.

	2010 R	2009 R
13. INVESTMENT PROPERTY		
Vacant Land	0	0
Land and Buildings	40,450,000	42,354,000
	40,450,000	42,354,000

The fair value model is applied to Investment property.

Criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business is set out in the accounting policy note of Investment property.

The movement in investment properties are reconciled as follows:

Carrying value at the beginning of the year		
Fair value	42,354,000	9,052,950
	42,354,000	9,052,950
Plus : Additions resulting from transfers from Property Plant & Equipment	22,830,982	0
Additions resulting purchase of new building	0	26,338,227
Additions resulting revaluation of property to fair value	3,765,018	6,962,823
Minus: Transfers resulting from Investment property to PPE	(28,500,000)	0
Carrying value at the end of the year		
Fair value	40,450,000	42,354,000
	40,450,000	42,354,000

Investment property or the remittance of revenue and proceeds of disposal.

14. INVESTMENTS

14.1. Held to maturity

Listed		
Eskom stock at amortised cost	112,000	112,000
Total listed investments	112,000	112,000
Unlisted - Available for sale		
Bank Deposits		
Other Short-term Deposits	163,301,780	160,954,271
Total unlisted investments	163,301,780	160,954,271

The fair value of the listed held to maturity investments is estimated at R 150,669.33 (2009: R 147 521). Fair value is determined based on discounted cash flow analysis, at a discounted rate of 9.240%. (2009 : 13.50%)

Total held to maturity	163,413,780	161,066,271
Less: current portion maturing within next twelve months - refer note 21	(163,301,780)	(160,954,271)
Total held to maturity (non-current)	112,000	112,000

Listed Shares are investments with a maturity period of more than 12 months and earn fixed interest rates of 13.5% per annum.

The fair value of investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

15. LONG-TERM RECEIVABLES

s at 30 June 2010	Gross Balances R	Impairment Provision R	Net Balances R
oans to employees	0	0	0
porting bodies	87,869	8,554	79,315
ublic organisations	263,849	16,975	246,874
ousing selling scheme loans	6,260,067	1,482,026	4,778,041
	6,611,785	1,507,555	5,104,230
ss: Current Portion transferred to Current Receivables:-			299,693
Loans to employees			0
Sporting bodies			22,657
Public organisations			72,644
Housing selling scheme loans			204,392
al Long-term Receivables			4,804,537

AUDITOR-GENERAL
2010 -11- 30
148

As at 30 June 2009	R	2010 R	2009 R
		R	R
Loans to employees			
Sporting bodies	18,733	0	18,733
Public organisations	111,154	35,888	75,267
Housing selling scheme loans	297,658	280,937	16,721
	7,227,586	3,452,513	3,775,073
	7,655,131	3,769,337	3,885,794
Less: Current Portion transferred to Current Receivables:-			
Loans to employees			296,145
Sporting bodies			18,733
Public organisations			20,306
Housing selling scheme loans			64,949
Total Long-term Receivables			192,157
			3,589,649

Loans to employees

Staff are entitled to various loans, e.g. car loans which attract interest at 8% to 17% per annum and which are repayable over a maximum period of 8 years. These loans were granted before the implementation of the MFMA and the last of the loans are repayable by 2010.

Sporting bodies

To encourage sporting bodies to contribute to the capital expenditure of sporting facilities, loans were made to provide the necessary financial assistance. These loans attract interest at prime rate less 2.5% per annum and are repayable over a maximum period of 20 years.

Public Organisations

Loans to public organisations are granted in terms of the national housing policy. The applicable interest rate and loan repayment periods are determined by the National Minister of Housing. At present these loans attract interest at 1%(buildings) and 5%(infrastructure) and are repayable over 30 years.

Housing selling scheme loans

Housing loans are granted to qualifying individuals in terms of the national housing policy. These loans attract interest, as determined by the National Minister of Housing, currently 13,5% per annum and are repayable over 20 years.

Reconciliation of the Provision for Impairment

Balance at beginning of year	3,769,337	3,516,660
Impairment Losses recognised	0	0
Impairment Losses reversed	(2,261,782)	252,677
Balance at end of year	1,507,555	3,769,337

In determining the recoverability of a Long-term Receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

ASSETS CLASSIFIED AS HELD- FOR- SALE

Assets held for sale		
Assets classified as Held-for-Sale	0	0
	0	0

Assets held for sale as at 30 June 2010

INVENTORY

Consumable stores		
Maintenance materials	4,435,588	4,297,087
	25,391,171	23,654,942
Spares parts for plant & Equipment	713,881	399,415
Land held for resale	135,682	164,081
Inventory	606,937	855,320
	31,283,259	29,370,845

The cost of Inventories recognised as an expense (see note 35) includes R79,504.79 in respect of write-downs of Inventory to Realisable Value.

No inventories were pledged as security for liabilities.

AUDITOR-GENERAL
2010 -11- 30

18. VAT

	2010 R	2009 R
VAT Payable	22,966,656	26,648,689
VAT Receivable	38,511,927	36,736,294
Net VAT Payable / (Receivable)	(15,545,271)	(10,087,604)

Nett VAT receivable. Only once payment is received from debtors is VAT paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to the Vat Act. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

19 CONSUMER DEBTORS

As at 30 June 2010	Gross Balances	Provision for Impairment	Net Balance
Service debtors			
Rates	227,874,512	(133,463,361)	94,411,151
Trade: Electricity	31,528,843	(19,053,954)	12,474,889
Water	59,135,183	(10,925,756)	48,209,427
Waste Management (solid waste)	60,056,283	(45,544,228)	14,512,055
Waste Water Management (sewerage and sanitation)	49,300,720	(37,298,873)	12,001,847
Housing Rental Schemes	27,853,483	(20,640,551)	7,212,931
Housing Selling Schemes	26,400,963	(21,429,995)	4,970,969
Total	4,678,539	(4,096,598)	781,941
	259,154,014	(158,989,953)	100,164,060

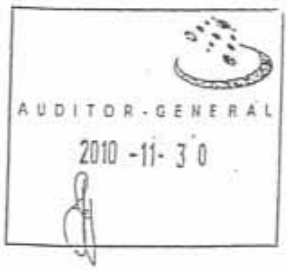
As at 30 June 2009	Gross Balances	Provision for Impairment	Net Balance
Service debtors			
Rates	204,690,518	(116,344,384)	88,346,134
Trade: Electricity	28,607,152	(16,982,695)	11,624,457
Water	57,063,197	(8,147,653)	48,915,543
Waste Management (solid waste)	50,915,151	(36,940,570)	13,974,581
Waste Water Management (sewerage and sanitation)	42,666,935	(34,448,090)	8,218,845
Housing Rental Schemes	25,438,080	(19,825,375)	5,612,705
Housing Selling Schemes	21,480,549	(19,411,484)	2,069,065
Total	4,514,560	(3,843,521)	671,059
	230,685,646	(139,599,388)	91,086,258

The average credit period for Consumer Debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter penalties of 10% and interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors.

The average age of these receivables is 125 days (2009: 132 days).

The management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

The fair value of Consumer Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and Consumer Debtors as well as the current payment ratio's of the municipality's Consumer debtors.



Analysis of Consumer Debtors Age in Days

at 30 June 2010	Total R	Current R	31 - 60 R	61 - 90 R	91 - 120+ R
tes	31,528,843	8,824,954	2,159,290	1,303,285	19,241,313
ctricity	59,135,183	49,064,830	1,336,660	774,531	7,958,962
ter	60,056,283	12,516,376	1,722,262	1,669,236	44,148,410
ste Management (solid waste)	49,300,720	4,032,231	1,888,295	1,635,483	41,744,711
ste Water Management (sewerage and sanitatic	27,853,483	2,820,871	992,290	822,343	23,217,978
sing Rental Schemes	26,400,963	1,024,535	915,974	858,215	23,602,239
sing Selling Schemes	4,678,539	114,694	101,003	87,268	4,575,575
al	259,154,014	78,398,491	9,115,973	7,150,362	164,489,188

	2010	2009
	R	R

Analysis of Consumer Debtors Age in Days

As at 30 June 2009	Total	Current	31 - 60	61 - 90	91 - 120+
	R	R	R	R	R
Rates	28,607,152	8,502,021	2,336,401	1,057,479	16,711,251
Electricity	57,063,197	48,218,610	1,371,493	837,247	6,635,847
Water	50,915,151	10,546,869	2,132,916	1,992,209	36,243,157
Waste Management (solid waste)	42,666,938	3,608,120	1,629,307	1,693,307	35,536,204
Waste Water Management (sewerage and sanitation)	25,438,080	2,664,239	1,059,817	945,890	20,768,134
Housing Rental Schemes	21,480,549	947,414	887,084	807,422	18,838,629
Housing Selling Schemes	4,514,580	115,742	96,529	93,711	4,206,598
Total	230,685,646	74,603,014	9,715,546	7,427,266	138,939,820

	2010	2009
	R	R
Reconciliation of Impairment provision		
Balance at beginning of the year	139,599,388	128,371,656
Contributions to provisions	19,390,565	11,227,732
Transfers to/(from) provisions	0	0
Balance at 30 June	158,989,953	139,599,388

determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the consumer debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision quired in excess of the Allowance for Doubtful Debts.

cluded in the Allowance for Doubtful Debts are individually Impaired Consumer Debtors with a balance of R1,490,668 (2009: 115 607) which have been placed under liquidation. The impairment recognised represents the difference between the carrying ount of these Consumer Debtors and the present value of the expected liquidation proceeds. The municipality holds no llateral over these balances.

	2010	2009
	R	R
THER DEBTORS		
ndries	8,758,158	6,505,093
orting bodies	122,532	122,575
nts & Subsidies	10,617,457	8,930,112
overable Loans	108,709	235,920
rments in advance	5,178,996	8,402,553
itless and wasteful expenditure	129,319	129,319
s : Provision for Impairment	(7,314,101)	(3,802,582)
al Other Debtors	17,601,080	20,672,989

average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the re of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies is payable to the icipality due to allocations made in the DORA or based on agreements between the municipality and the relevant rtment.

claims instituted against the municipality's insurance company are supported by valid insurance claims which are claimable in s of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. nterest is charged on outstanding insurance claims.

average credit period for Other Debtors is 30 days. No interest is charged for the first 30 days from the date of the invoice. eafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its ved credit control policy to ensure the recovery of Other Debtors.

nanagement of the municipality is of the opinion that the carrying value of Other Debtors approximate their fair values.

air value of Other Debtors was determined after considering the standard terms and conditions of agreements entered into en the municipality and National / Provincial Departments as well as Other Debtors. The current payment ratio's of Other rs were also taken into account for fair value determination.

	2010	2009
	R	R
nciliation of Impairment provision		
ce at beginning of the year	3,802,582	(845,469)
ers to/(from) provisions	3,511,519	4,648,051
ce at 30 June	7,314,101	3,802,582

AUDITOR GENERAL
2010 -11- 30
151

		2010 R	2009 R

The impairment provision was calculated after individually assessing other debtors and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios.

The provision for doubtful debts on other debtors exist predominantly due to the possibility that these debts will not be recovered were assessed individually for impairment.

In determining the recoverability of a Debtor, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

21 CASH AND CASH EQUIVALENTS (BANK AND CASH)

The Municipality has the following bank accounts: -

Primary Account	14-9812-1861	34,999,009	35,140,356
Secondary Account	14-9812-1853	0	0
Traffic Fines Bank account	620-715-265-14	130,256	474,044
		35,129,265	35,614,400

All accounts are with Nedbank except the traffic fines account which is with First National Bank. All account balances are cleared on a daily basis to the main account. The municipality have an overdraft facility of R5million with Nedbank but did not utilised it for this financial year.

Bank statement balance at beginning of year	35,614,400	45,611,473
Bank statement balance at end of year	35,129,265	35,614,400
Cash book balance at beginning of year	20,835,219	6,517,811
Petty Cash / Float	11,900	11,900
Cash at bank		
Cashbook overdrawn	35,129,265	35,614,400
Cash book balance at end of year	(7,841,965)	(14,779,181)
	27,287,301	20,835,219
Short term investment deposits.	163,301,780	160,954,271
TOTAL CASH AND CASH EQUIVALENTS	190,600,981	181,801,390

For the purposes of the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments less than 12 months.

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

PROPERTY RATES

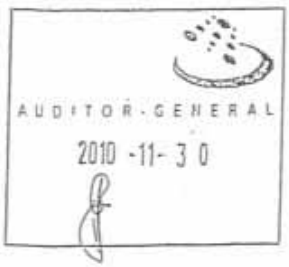
Actual		
Residential	100,999,019	76,709,822
Agricultural	29,645,987	5,915,279
Commercial	39,753,154	35,072,663
State	14,292,306	7,399,492
Less : Income forgone	(37,675,289)	(4,001,724)
Total Property Rates	147,015,178	121,095,533
Valuations as at July 2009		
Residential	20,794,048,291	9,395,752,765
Agricultural	6,263,696,301	3,053,024,198
Commercial	4,697,991,699	2,674,574,816
State	1,196,587,007	738,012,350
Total Property Valuations	32,952,323,298	15,861,364,129

General Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to terations and subdivisions.

general valuation, was applied with effect 1 July 2009.

rate on different categories is applied to property valuations to determine assessment rates. Rebates of 30% and 40% are plied to pensioners . A discount of 20% was granted to the state institutions.

uniform rate for the same class and type of property was applied with the implementation of the Property Rates Act. It is visaged that such rate will be introduced with effect as from 01 July 2009.



	2010 R	2009 R

es are levied monthly on property owners and are payable the 7th of each month for monthly rate payers of Paarl and the 15th Wellington and other areas and 30th September for annual payers. Interest is levied at the prime rate on outstanding rates ounts.

RVICE CHARGES

e of Electricity	431,620,274	342,234,312
e of Water	88,310,199	78,626,167
ste Management (solid waste)	56,467,323	51,362,543
ste Water Management (sewerage and sanitation)	42,044,793	37,313,565
er	19,860	0
	618,462,449	509,536,587
s: Income forgone	(52,436,015)	(28,721,389)
al Service Charges	566,026,434	480,815,198

amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the sumers on a monthly basis according to approved tariffs.

ITAL OF FACILITIES AND EQUIPMENT

rating Lease Rental Revenue:		
Investment Property	123,775	1,332,988
Other [illegible]al Revenue	15,858,334	13,176,301
l Rentals	15,982,109	14,509,288

REST AND DIVIDENDS EARNED

est - external investments	11,622,718	18,934,789
ends - stock	15,120	15,120
est - outstanding debtors	7,120,608	9,676,675
Interest Receivable	18,758,446	28,626,784

ERNMENT GRANTS AND SUBSIDIES

able Share	52,658,092	39,374,894
ncial Government : Health	0	0
	20,037,575	19,917,785
tional grants	72,695,667	59,292,679
tional grants	80,850,110	64,465,372
MIF Grants	20,976,523	16,871,680
al Government : Budget Reform Programme	1,282,124	1,272,293
cial Government : Highway claims	0	1,561,000
cial Government : Housing	56,843,239	33,502,016
cial Government : Other projects	1,748,225	11,258,383
Government Grant and Subsidies	153,545,776	123,758,051

quitable Share

nce unspent at beginning of year	(22,457,156)	(22,135,147)
ent year receipts	(44,585,879)	(39,706,902)
ditions met - transferred to revenue	52,658,092	39,374,894
nditions still to be met - transferred to liabilities (refer note 10)	(14,384,943)	(22,467,156)

s of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All ed indigents receive a monthly subsidy equal to the basic charges for Electricity, Refuse Removal, Sewerage and Water s, which subsidy is adjusted as tariffs increase. All residential households receive 6 kl water and 50 kWh electricity free nonth.

G/SMIF Grants

ce unspent at beginning of year	(755)	(934)
nt year receipts	(21,539,000)	(16,871,500)
itions met - transferred to revenue	20,976,523	16,871,680
itions still to be met - transferred to liabilities (refer note 10)	(563,233)	(755)

nt was used to construct infrastructure assets for the Municipality. Other than the unspent amount, the conditions of the ve been met. No funds have been withheld.

AUDITOR-GENERAL
2010 -11- 30

	2010 R	2009 R
26.3 National Government : Budget Reform Programme		
Balance unspent at beginning of year	(1,476,383)	(1,837,853)
Current year receipts	(834,480)	(910,824)
Conditions met - transferred to revenue	1,282,124	1,272,293
Conditions still to be met - transferred to liabilities (refer note 10)	(1,028,739)	(1,476,383)

This grant received from National Government are for operational and capital expenditure projects related to budget reform and implementation of the MFMA . Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

26.4 Provincial Government : Highway claims		
Balance unspent at beginning of year	0	0
Current year receipts	0	(1,561,000)
Conditions met - transferred to revenue	0	1,561,000
Conditions still to be met - transferred to liabilities (refer note 10)	0	0

The Municipality received various grants from PAWC for operational projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

26.5 Provincial Government : Housing		
Balance unspent at beginning of year	(4,853,793)	(8,351,386)
Current year receipts	(55,243,870)	(30,004,423)
Conditions met - transferred to revenue	56,843,239	33,502,016
Conditions still to be met - transferred to liabilities (refer note 10)	(3,254,424)	(4,853,793)

These grants received from Provincial Government are for the construction of houses . Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

26.6 Provincial Government : Other projects		
Balance unspent at beginning of year	(1,583,670)	(5,727,575)
Current year receipts	(1,972,437)	(7,114,507)
Conditions met - transferred to revenue	1,748,225	11,258,383
Conditions still to be met - transferred to liabilities (refer note 10)	(1,807,882)	(1,583,670)

These grants received from Provincial Government are for operational and capital expenditure such as , restructuring and other. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

26.7 Other Institutions		
Balance unspent at beginning of year	(23,445,390)	(18,922,089)
Current year receipts	(11,469,488)	(25,931,033)
Conditions met - transferred to revenue	20,037,575	19,917,785
Reimbursement of guarantees and levy's	1,356,953	1,489,947
Conditions still to be met - transferred to liabilities (refer note 10)	(13,520,350)	(23,445,390)

These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, ıe conditions of the grant have been met. No funds have been withheld.

ITHER INCOME

JILDING INSPECTION FEES	2,850,942	3,232,149
JRIAL FEES	791,379	624,351
IR VALUE IN RESPECT OF INVESTMENT PROPERTY	1,216,000	6,962,823
ECTRICITY : NEW CONNECTION FEES	2,359,114	4,755,477
ITRANCE FEES	794,662	927,290
RE BRIGADE FEES	233,956	336,371
COVERABLE SERVICES	238,263	438,747
WERAGE : NEW CONNECTION FEES	189,161	338,108
NDRY INCOME	2,422,367	3,616,160
TER : BASIC CHARGE	1,744,591	1,562,405
HER	4,163,716	8,090,046
	17,004,151	30,883,929

amounts disclosed above for Other Income are in respect of services, other than described in Notes 23 to 24, rendered ch are billed to or paid for by the users as the services are required according to approved tariffs.

AUDITOR-GENERAL
2010 -11- 30

	2010 R	2009 R
EMPLOYEE RELATED COSTS		
Salaries and Wages	184,736,498	156,387,353
Social contributions - UIF, pensions and medical aid etc.	40,104,056	38,183,570
Travel, motor car, accommodation, subsistence and other allowances	10,136,934	7,597,191
Housing benefits and allowances	2,386,207	3,333,425
Overtime payments	14,563,170	13,503,040
Performance bonus	634,740	492,495
Long-service awards	2,383,920	1,156,714
Defined Benefit Plan Expense:	15,768,519	11,105,634
Current Service Cost	5,801,481	2,079,966
Loss on actuarial valuations	1,218,127	0
(Gains) on actuarial valuations	(199,858)	0
Over / (Under) provisions on contributions	(182,556)	0
Interest Cost	9,131,325	9,025,668
	270,734,044	231,759,420
Expenditure Recharged	(36,622,067)	(26,677,768)
Recharged to repairs and maintenance	(32,602,614)	(24,527,322)
Recharged to capital projects	(4,019,453)	(2,150,446)
Total Employee Related Costs	234,111,977	205,081,652

No advances were made to employees. Loans to employees are set out in Note 15.

Remuneration of Executives	Total	Annual Salary	Performance Bonus	Car Allowance	Social Contribution
	R	R	R	R	R
10					
Municipal Manager	1,243,072	751,830	181,978.00	120,000	189,265
Executive Director : Finance	955,257	695,183	79,236.00	132,000	48,858
Executive Director : Social & Community Services	955,257	696,957	79,236.00	146,700	32,364
Executive Director : Corporate Governance	662,957	723,020	80,412.20	132,978	26,548
Executive Director : Strategic Services	669,438	736,563	80,412.25	133,008	19,454
Executive Director : Infrastructure & Planning	1,006,220	742,523	79,236.00	132,000	52,460
	6,092,199	4,345,058	580,508	795,686	368,949

	Total	Annual Salary	Performance Bonus	Car Allowance	Social Contribution
	R	R	R	R	R
9					
Municipal Manager	990,681	672,625	51,036	120,000	146,999
Executive Director : Finance	792,360	615,990	0	132,000	44,370
Executive Director : Social & Community Services	792,360	616,939	0	146,700	28,720
Executive Director : Corporate Governance	850,277	647,734	46,154	132,978	23,411
Executive Director : Strategic Services	804,123	663,648	0	133,008	7,466
Executive Director : Infrastructure & Planning	823,319	658,863	0	132,000	32,456
	5,053,100	3,875,799	97,191	796,686	283,422

Remuneration of Councillors		
Executive Mayor	593,375	554,808
Deputy Executive Mayor	478,120	446,857
Speaker	478,120	446,844
	449,306	419,865
Councillors (47 Councilors)	8,789,652	8,041,069
Executive Mayor committee members(8 members)	4,070,432	3,778,835
Total Councillors Remuneration	14,859,005	13,688,278

AUDITOR-GENERAL
2010 -11- 30

	2010 R	2009 R

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, and Mayoral Committee members are employed full-time. Each is provided with an office, administrative and secretarial support at the cost of the Council.

The Executive Mayor and Deputy Mayor and other full-time Mayoral Committee members have access to Council owned vehicles for ceremonial and official functions.

Executive Committee Councilors are provided with work stations which are appropriately equipped.

Certification by the Municipal Manager:

I certify that the remuneration of Councilors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Signed: Municipal Manager

9 BAD DEBTS

Bad Debts		
Contribution to Impairment Provision	20,844,049	16,164,915
Contribution from Impairment provision	0	0
Contribution to housing development fund	130,410	177,692
Bad debts written-off	0	190,642
	20,974,458	16,533,249

DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	118,754,244	120,220,986
Amortisation: Intangible Assets	255,618	720,642
Total Depreciation and Amortisation	119,009,862	120,941,628

IMPAIRMENT LOSSES

31.1 Impairment Losses on Fixed Assets

mpairment Losses Recognised:		
Property, Plant and Equipment	0	0
nvestment Property	0	0
	0	0
otal Impairment Losses	0	0

NTEREST PAID

ong-term liabilities		
nance leases	21,566,336	17,928,724
otal Interest on External Borrowings	71,816	77,554
	21,638,152	18,006,279

e weighted average capitalisation rate on funds borrowed generally is 12.67% per annum (2009 13.37% per annum).

ILK PURCHASES

ctricity	249,317,320	190,090,150
ter	14,716,221	16,108,152
al Bulk Purchases	264,033,541	206,198,301

Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal for resale to the consumers. Electricity is purchased from Eskom whilst Water is purchased from the City of Cape Town

AUDITOR-GENERAL
2010 -11- 30

	2010 R	2009 R
GRANTS AND SUBSIDIES PAID		
DONATION: ANIMAL PROTECTION - SPCA	96,430	89,702
DONATION: AWARDS GRANTED DURING YEAR	94,008	88,056
DONATION: PAARL MUSEUM	34,942	32,504
DONATION: R.D.P. (DRAKENSTEIN)	227,945	181,244
DONATION: SAFMARINE CENTRE	81,662	75,983
DONATION: WELLINGTON MUSUEM ASSOCIATION	42,354	39,399
	577,361	506,888

nimal Protection - SPCA
onations were made to the SPCA for animals that were brought to the shelter by the municipality

wards granted during the year
he Mayor gives out donations to certain institutions on fundraising occasions depending on the needs of the institution.

aarl Museum
onations were made to the Paarl Museum for the preservation and exhibition of historic items.

DP - Drakenstein
onations were made to the RDP Drakenstein for community development and social upliftment related projects.

afmarine Centre
onations were made to the Safmarine Centre to support the current systems for the upliftment of the community by skills velopm and other training.

ellingt Museum association
nations were made to the Wellington Museum for the preservation and exhibition of historic items.

NERAL EXPENSES		
VERTISING COSTS	1,398,047	1,660,934
DIT FEES	2,951,555	1,952,402
NK CHARGES	1,735,144	1,207,070
EMICALS / WORKS	1,415,898	1,206,163
NFERENCE SCHOOL EXPENDITURE	1,125,189	858,300
MOLITION OF STRUCTURES	377,170	57,429
E : EQUIPMENT	777,644	416,752
E : VEHICLES AND EQUIPMENT	8,650,583	7,054,953
JSING SCHEMES : WATER	4,018,533	3,526,815
URANCE : PREMIUM (SHORT TERM)	2,697,083	3,091,521
AL COSTS : OTHER	1,429,784	1,150,730
RKETING OF DRAKENSTEIN	123,778	567,109
MBERSHIP FEES	2,422,206	850,645
ROL AND DIESEL	7,398,195	6,578,345
NTS SEEDS AND BULBS	266,595	11,461
TAGE	1,679,241	1,467,195
LIC PARTICIPATION	371,139	0
TING AND STATIONERY	2,670,663	1,826,610
ESSIONAL FEES	1,329,414	622,746
IAL EVENTS	2,135,929	1,223,155
PAID VENDING SYSTEM	1,479,215	1,689,273
SE BAGS	406,151	135,493
STRATION FEES : OTHER	0	1,456,618
AL CONNECTIONS	3,725,660	4,770,047
K DEPRECIATION	0	487,621
HONE COMMUNICATION	6,026,189	7,455,173
IING	1,984,234	1,603,338
IING LEVY	2,165,984	1,837,522
	1,320,783	1,667,381
RMS AND CLOTHING	2,208,165	1,725,785
DE PROTECTION: COMPUTERS	441,103	(0)
TION EXPENSES	710,108	2,395,323
R RESEARCH FUND	283,704	495,185
- HOUSEHOLD REFUSE REMOVAL	1,075,000	792,692
- SOLD WASTE MANAGEMENT EDUCATION	683,709	0
INTEGRATED FOOD PILOT PROGRAMME	584,343	25,528
TOURISM DEVELOPMENT	995,506	442,862
DEVELOPMENT STRATEGY	388,935	0

AUDITOR-GENERAL
2010 -11- 30

	2010	2009
	R	R
SOCCER WORLD CUP 2010	2,756,151	1,194,628
NON SCHOOLFEES SCHOOLS	500,000	0
WARD PROJECTS - 31 WARDS	2,829,941	1,874,799
C1(1)A - MBEKWENI MULTIPURPOSE HALL	386,604	0
C3(2) - GOVERNANCE - WARD COMMITTEES	232,293	0
C3(3) - HOME OWNERSHIP EDUCATION	473,964	0
CLEANSING PROJECT	2,492,359	1,426,623
D2(2a) - RURAL ROAD LIGHTING	383,224	0
D3(1) - CBD POLICING	0	219,298
D6(1d) - DISASTER RELIEF FUND	129,766	1,323,395
CONDITIONAL GRANT EXPENDITURE	60,512,775	12,961,511
CONTRIBUTION TO LEAVE RESERVE	4,637,095	2,440,307
PROVISION LAND FILL SITES	1,602,500	0
OTHER EXPENDITURE	30,036,028	28,390,335
	176,445,255	114,343,282

The cost of Inventories recognised as an expense includes R79,605. (2009: R 44 908) in respect of write downs of Inventory to Net Realisable Value.

6 CASH GENERATED BY OPERATIONS

Surplus for the year	(7,353,227)	47,481,234
Adjustment for :-	151,274,493	132,494,831
- Depreciation and amortisation	119,009,862	120,941,628
- Contribution to bad debt provision	20,974,458	16,533,249
- Contribution to Capital replacement reserve	1,025,475	122,103
- Gain/(Losses) on disposal of property, plant and equipment	249,283	(4,173,638)
- Investment income	(11,622,718)	(18,934,789)
- Interest paid	21,638,152	18,006,279
Operating surplus before working capital changes:	143,921,267	179,976,065
Increase/(Decrease) in inventories	1,912,413	(3,465,321)
(Increase)/Decrease in debtors	(9,077,802)	(29,000,086)
Decrease (Increase) in other debtors	3,071,909	9,124,253
(Decrease)/Increase in unspent conditional grants and receipts	(19,257,576)	3,147,809
Increase (Decrease) in creditors	52,277,681	49,279,331
Decrease/(Increase) in VAT(net)	(5,457,667)	492,986
Cash generated by operations	167,390,225	209,555,047

DISCONTINUED OPERATIONS

17.1 Health Services discontinued

Statement of Financial Performance at date of discontinuation

Revenue	0	0
Less: Expenditure	0	0
	0	0
Inter-departmental charges	0	0
Deficit for the Year	0	0

Statement of Financial Position at date of discontinuation

NET ASSETS AND LIABILITIES		
Net Assets	0	0
Accumulated deficit	0	0
Deficit for the year	0	0
Current Liabilities	0	0
Creditors	0	0
Balances DM	0	0
Total Net Assets and Liabilities	0	0

	2010 R	2009 R
ASSETS		
Non-current Assets	1,447,895	1,447,895
Property, Plant and Equipment	4,000,273	4,000,273
.ess: Accumulated depreciation	(2,552,379)	(2,552,379)
Current Assets	0	0
Debtors	0	0
.ess: Provision for impairment	0	0
Total Assets	1,447,895	1,447,895

Cash flow Statement at date of discontinuation

ash flow from operating activities		
ash receipts	0	0
ash paid	0	0
ash utilised in operations	0	0
ash flow from Financing Activities		
crease in advance DM	0	0
et dec[illegible]e in cash and cash equivalents	0	0

ELATED PARTY TRANSACTIONS

ansactions with Key Management Personnel and Councillors

mpensation made to Key Management Personnel and Councillors is disclosed in note 28 above.

nsumer services rendered to Key Management Personnel amount to R 65,163
tstanding balances on Key Management Personnel's consumer accounts at 30 June 2010 (Current Accounts) amount to R 71 (2009: R 6 693)

nsumer services rendered to Councillors amount to R 542,685.
tstanding balances on Councillors' consumer accounts at 30 June 2010 amount to R 109,446.30

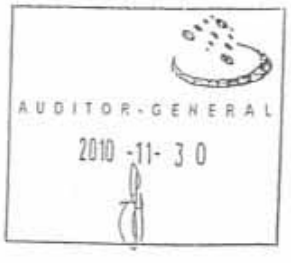
consumer services are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had n recognised in respect of amounts owed by related parties.

amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Key Management sonnel and Councillors. No expense has been recognized in the period for bad or doubtful debts in respect of the amounts d by related parties.

all persons in the service of the state is seen as related parties as defined in IAS 24, as they do not necessarily control or e an interest that gives them significant influence over the municipality. For disclosure purposes however, awards to close ly mem[illegible] of persons in the service of the State are provided below:

rds to close family members of persons in the service of the State

plier Name	Staff Number	Employee Name	Relationship	Department	2010	2009
EN VIBRACRETE	59245	AA Uren	Child	Finance	263,400	235,760
ALITY SPORTS & EVENTS	60088	D Naude	Spouse	Engineers	0	22,970
R MEDIA PRINTERS	52665	A Brink	Spouse	Finance	254,799	155,634
RSPUY t/a SAADIA CATERING	55930	W Kerspuy	Spouse	Finance	0	0
DIZIA CRAFTS	61670	MA Bosch	Spouse	Infrastructure	0	9,000
AKAME SKILLS DEVELOPMENT CC	52114	N Vacu	Spouse	Strategic Service	122,180	46,800
ME APPLIANCES	60666	L De Roubaix	Spouse	Social Services	595	0
E NDABUKO CREATIVE SOLUTIONS	58288	Dr ST Kanayane	Spouse	Municipal Manager	25,000	0
CLEANERS		L Buzlek			106,265	0
					782,228	470,164



39 RESTATEMENT OF PRIOR YEAR FIGURES AND ERRORS

The following restatements and errors occurred which are set out below

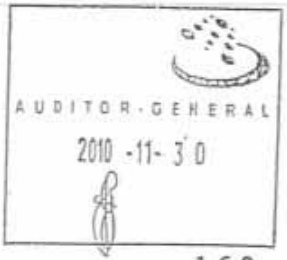
Electricity sales

Electricity sales i.r.o. 0708 not accounted for during 0708

Water sales

Water sales i.r.o. 0708 not accounted for during 0708

	Previously reported 2009 R	Amount of change R	Restated 2009 R
) Adjustment of opening balances			
NET ASSETS			
Accumulated Surplus 1 July 2008	1,498,501,126	20,753,369	1,519,254,495
Water sales i.r.o. 0708 not accounted for during 0708		16,649,493	
Electricity sales i.r.o. 0708 not accounted for during 0708		4,103,876	
otal effect of adjustment against accumulated surplus 30 June 2008	1,498,501,126	20,753,369	1,519,254,495
econciliation of adjustments due to changes in accounting policies and errors			
Net assets	2,951,401,596	20,753,369	2,972,154,965
Housing Development Fund	33,342,898	0	33,342,898
Reserves	460,588,146	0	460,588,146
Accumulated Surplus / (Deficit)	2,457,470,552	20,753,369	2,478,223,921
Non-current liabilities	277,941,340	0	277,941,340
Long-term liabilities	166,293,373	0	166,293,373
Retirement Benefit Obligation	85,910,714	0	85,910,714
Non-Current Provisions	25,737,253	0	25,737,253
Current liabilities	218,205,135	0	218,205,135
Consumer deposits	16,956,383	0	16,956,383
reditors	120,769,563	0	120,769,563
nspent conditional grants and receipts	53,827,147	0	53,827,147
urrent portion of long-term liabilities	20,420,575	0	20,420,575
urrent portion of Retirement Benefit Obligation	4,699,817	0	4,699,817
urrent Provisions	1,331,649	0	1,331,649
tal Net Assets and Liabilities	*3,447,548,070*	*20,753,369*	*3,468,301,439*
SETS			
n-current assets	3,134,884,675	0	3,134,884,675
perty, plant and equipment	3,083,285,388	0	3,083,285,388
ngible Assets	4,197,275	0	4,197,275
estment property	42,354,000	0	42,354,000
current assets classified as held for sale	1,447,695	0	1,447,695
stments	112,000	0	112,000
g-term receivables	3,488,117	0	3,488,117
ent assets	312,663,395	20,753,369	333,416,764
ls classified as held for sale	0	0	0
tory	29,370,845	0	29,370,845
umer debtors	10,087,604	0	10,087,604
debtors	70,332,890	20,753,369	91,086,259
nt portion of long-term receivables	20,672,989	0	20,672,989
and cash equivalents	397,677	0	397,677
Assets	181,801,390	0	181,801,390
	3,447,548,070	*20,753,369*	*3,468,301,439*



	2010 R	2009 R
ANCING FACILITIES		
ecured Bank overdraft .		
Amount used	0	0
Amount unused	5,000,000	5,000,000
	5,000,000	5,000,000
RATING LEASE COMMITMENTS		
Municipality as Lessee		
re minimum lease payments under non-cancellable operating leases:		
ldings		
yable within one year	992,436	1,917,470
yable within two to five years	992,436	925,034
	0	992,436
lpment	1,043,546	126,634
/able within one year	457,092	70,082
/able within two to five years	586,454	56,552
	2,035,982	2,044,104

ms of the additional guidance from AC 105 (leases), escalations in operating leases are no longer recognised in the periods actually incurred, but are now charged in the statement of financial performance on a straight-line basis over the term of the

d premises are contracted for a period of 3 years.
lunicipality has significant current lease arrangements for photocopy and fax machines over a period of 3 - 5 years without subject to escalation.

lunicipality as Lessor

lement of Financial Performance date the Municipality has contracted with tenants for the following future minimum lease nts.

le within one year	123,775	1,322,553
le within two to five years	199,340	612,941
	323,115	1,935,494

unicipality lets its investment properties under operating leases. Property rental income earned during the year was R 5. The properties are maintained by the tenants at their cost. No investment properties have been disposed of since the ent of financial performance date. Properties are leased for periods ranging from 3 to 25 years. Escalations on lease nents are applied on recommendation of an independent valuator and does not exceed 10% pa.

rictions have been imposed on the municipality in terms of the operating lease agreements.

ATION OF LONG-TERM LIABILITIES RECONCILIATION

rm liabilities raised (see Note 5)	251,293,373	186,713,946
finance property, plant and equipment at cost	(297,821,335)	(211,450,859)
d aside for the repayment of long-term liabilities - refer note 21 and 5	57,258,675	37,258,675
vested for repayment of long-term liabilities	10,730,713	12,521,764

m liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set ensure that long - term liabilities can be repaid on redemption date.

'HORI , FRUITLESS AND WASTEFUL AND IRRELEGULAR EXPENDITURE DISALLOWED

authorised Expenditure

gement's best of knowledge no Unauthorised Expenditure was incurred during the year under review .

uitless and Wasteful Expenditure

nciliation of fruitless and wasteful expenditure		
ing Balance	1,657	1,657
ss and wasteful expenditure current year	0	0
oned or written off by Council	0	0
ferred to receivables for recovery (Note 20)	(1,657)	(1,657)
ss and wasteful expenditure awaiting condonement	0	0

Theft of money from cash bag
/1/2007 - 12/02/2007
Disciplinary hearing 07/05/2007. Person dismissed

	2010 R	2009 R
43.2.2 Fruitless and Wasteful Expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening Balance	107,331	107,331
Fruitless and wasteful expenditure current year	0	0
Condoned or written off by Council	0	0
Transferred to receivables for recovery (Note 20)	(107,331)	(107,331)
Fruitless and wasteful expenditure awaiting condonement	0	0

Incident: Theft of safety boots from stores
Date: 21/09/2005
Outcome: Disciplinary hearing. Person dismissed. Attorneys to recover money. Debtor raised

43.2.3 Fruitless and Wasteful Expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening Balance	0	0
Fruitless and wasteful expenditure current year	0	0
Condoned or written off by Council	0	0
Transferred to receivables for recovery (Note 20)	0	0
Fruitless and wasteful expenditure awaiting condonement	0	0

Incident: Fraud, corruption and theft at mechanical workshop
Date: 2005 to 2007
Outcome: Disciplinary action. Personnel dismissed. Some money recovered. Awaiting final closer

43.2.4 Fruitless and Wasteful Expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening Balance	4,834	4,834
Fruitless and wasteful expenditure current year	0	0
Condoned or written off by Council	(4,834)	(4,834)
Transferred to receivables for recovery	0	0
Fruitless and wasteful expenditure awaiting condonement	0	0

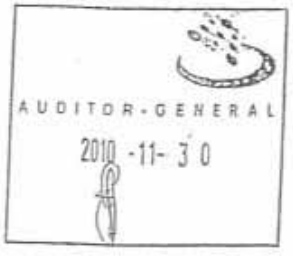
Incident: Theft of cash at Gouda cash office
Date: 18/02/2008
Outcome: Disciplinary action. Person not guilty.

43.2.5 Fruitless and Wasteful Expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening Balance	20,331	20,331
Fruitless and wasteful expenditure current year	0	0
Condoned or written off by Council	0	0
Transferred to receivables for recovery	(20,331)	(20,331)
Fruitless and wasteful expenditure awaiting condonement	0	0

ncident: Payment to service provider, payment into wrong bank.
)ate: 19/08/2008
)utcome: Council attorneys busy to recover money.

3.2.6 Fruitless and Wasteful Expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening Balance	180,419	180,419
Fruitless and wasteful expenditure current year	0	0
Condoned or written off by Council	0	0
Transferred to receivables for recovery	0	0
Fruitless and wasteful expenditure awaiting condonement	180,419	180,419

Ident: Purchasing of laptops
te:
tcome: Condonement from council awaited



	2010 R	2009 R
43.2.7 Fruitless and Wasteful Expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening Balance		
Fruitless and wasteful expenditure current year	20,675	20,675
Condoned or written off by Council	0	0
Transferred to receivables for recovery	0	0
Fruitless and wasteful expenditure awaiting condonement	0	0
	20,675	20,675

Incident: Purchasing of curtains
Date:
Outcome: Condonement from council awaited

43.2.8 Fruitless and wasteful Expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening Balance		
Fruitless and wasteful expenditure current year	0	0
Condoned or written off by Council	0	0
Transferred to receivables for recovery	0	0
Fruitless and wasteful expenditure awaiting condonement	0	0
	0	0

ncident: Bribe requested and accepted
late: 04/09/2009
lutcome: Person dismissed. No loss to council

3.2.9 Fruitless and Wasteful Expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening Balance		
Fruitless and wasteful expenditure current year	349	0
Condoned or written off by Council	0	0
Transferred to receivables for recovery	0	0
Fruitless and wasteful expenditure awaiting condonement	0	0
	349	0

Ident: Theft of money
:e: 10/01/2010
tcome: Person dismissed. Money not to be recovered

I IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure		
Opening Balance		
rregular expenditure current year	0	0
Condoned or written off by Council	0	0
Transferred to receivables for recovery	0	0
regular expenditure awaiting condonement	0	0
	0	0

ent: Cell phone allowances in addition to telephone allowances.

ome: Awaiting opinion from MEC of local government. Provincial treasury assisting council.

Irregular Expenditure

conciliation of irregular expenditure		
ening Balance		
gular expenditure current year	0	0
ndoned or written off by Council	483,966	0
nsferred to receivables for recovery	0	0
gular expenditure awaiting condonement	0	0
	483,966	0

it: Procurement of goods and services (above R200,000.00) - No Bids
0/06/2010
ie: To be put before council for condonement.

regular Expenditure

nciliation of irregular expenditure		
ning Balance		
ular expenditure current year	0	0
loned or written off by Council	4,772	0
sferred to receivables for recovery	0	0
lar expenditure awaiting condonement	0	0
	4,772	0

Procurement of goods and services (between R2,000.00 and R10,000.00) - Not 3 quotes
06/2010
: To be put before council for condonement.

AUDITOR-GENERAL
2010 -11- 30

	2010 R	2009 R
43.3.3 Irregular Expenditure		
Reconciliation of irregular expenditure		
Opening Balance	0	0
Irregular expenditure current year	86,285	0
Condoned or written off by Council	0	0
Transferred to receivables for recovery	0	0
Irregular expenditure awaiting condonement	86,285	0

Incident: Procurement of goods and services (between R10,000.00 and R200,000.00) - Not 3 formal written quotes
Date: 30/06/2010
Outcome: To be put before council for condonement.

43.3.4 Irregular Expenditure		
Reconciliation of irregular expenditure		
Opening Balance	0	0
Irregular expenditure current year	311,870	0
Condoned or written off by Council	0	0
Transferred to receivables for recovery	0	0
Irregular expenditure awaiting condonement	311,870	0

Incident: No advertisement to invite price quotations (above R30,000.00)
Date: 30/06/2010
Outcome: To be put before council for condonement.

43.3.5 Irregular Expenditure		
Reconciliation of irregular expenditure		
Opening Balance	0	0
Irregular expenditure current year	108,159	0
Condoned or written off by Council	0	0
Transferred to receivables for recovery	0	0
Irregular expenditure awaiting condonement	108,159	0

Incident: Procurement of awards to state employees.
Date: 30/06/2010
Outcome: To be put before council for condonement.

43.3.6 Irregular Expenditure		
Reconciliation of irregular expenditure		
Opening Balance	0	0
Irregular expenditure current year	144,869	0
Condoned or written off by Council	0	0
Transferred to receivables for recovery	0	0
Irregular expenditure awaiting condonement	144,869	0

Incident: Procurement in contravention of the PPPFA
Date: 30/06/2010
Outcome: To be put before council for condonement.

43.4 DISTRIBUTION LOSSES

WATER		
Reconciliation of water losses		
Kiloliters bought	17,105,595	16,714,593
Kiloliters sold	14,975,675	13,993,258
Kiloliters Lost	2,129,920	2,716,335
Value of losses	1,871,561	5,378,343
Percentage of losses	12.45%	16.25%
Norm of losses	15.00%	15.00%

Reasons for losses:

Burst pipes

Use of unmetered fire water connections at flat buildings and factories.

Open spaces & sports fields that is still unmetered

Undetected leaks underground

Scouring of mainlines and reservoirs as part of the operational procedure to ensure good water quality

	2010 R	2009 R
ELECTRICITY		
Reconciliation of MWh losses		
MWh units bought	727,772,737	736,298,747
MWh units sold	655,888,390	680,005,441
MWh units lost	71,884,347	56,293,306
Value of losses	20,344,293	13,510,393
Percentage of losses	9.88%	7.65%
Norm of losses	10.00%	10.00%
Reasons for losses:		
Technical losses		
Unmetered services		
Theft		

DDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

4.1 Contributions to SALGA

Opening balance	0	0
Council subscriptions	2,106,554	850,645
Amount paid - current year	(2,106,554)	(850,645)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

4.2 Aud...fees

Opening balance	0	0
Current year audit fee	2,981,555	1,952,402
Amount paid - current year	(2,981,555)	(1,952,402)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

4.3 VAT

shown in note 13. All VAT returns have been
mitted by the due date throughout the year.

4 PAYE

Opening balance	0	0
Current year payroll deductions	24,678,443	20,512,181
Amount paid - current year	(24,678,443)	(20,512,181)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

UIF

Opening balance	0	0
Current ye...payroll deductions	3,488,325	3,064,931
Amount paid - current year	(3,488,325)	(3,064,931)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

Pension Deductions

Opening balance	0	0
Current year payroll deductions and council contributions	35,276,286	29,651,943
Amount paid - current year	(35,276,286)	(29,651,943)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

Medical Aid Deductions

Opening balance	0	0
Current year payroll deductions and council contributions	15,913,978	13,379,993
Amount paid - current year	(15,913,978)	(13,379,993)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

AUDITOR-GENERAL
2010 -11- 30

44.8 Councilors arrear consumer accounts

The following Councilors had arrear accounts outstanding for more than 90 days as at 30 June 2010

30th June 2010

	Total	Outstanding less than 90 days	more than 90 days
	R	R	R
ADRIAANSE, MM	4,525	2,685	1,840
KIKA , Spasie	6,595	2,362	4,234
GOUWS, Eva	3,533	1,310	2,223
ROSS , Solomon	1,818	1,738	79
GAYIYA, Elizabeth	632	178	454
MBUBU, Victor	2,367	1,343	1,024
TSHAYA , Mpelese Alfred	15,549	4,128	11,420
JOCHIMS , Stephen Christopher	24,020	1,163	22,857
POOLE , Conrad James	1,448	1,071	376
THEU, Alec	1,129	208	921
SMIT , Johannes	12,067	112	11,955
LE HOE, Martinus	571	53	518
Total Councilor Arrear Consumer Accounts	74,255	16,353	57,902

30th June 2009

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
HENDRIKSE ,Farida	4,716	933	3,784
KIKA , Spasie	9,250	1,515	7,736
TYESI , Nkosinathi	1,572	240	1,332
ROSS , Soudah	3,770	1,633	2,138
FOOLE , Conrad James	4,658	914	3,744
TSHAYA , Mpelese Alfred	8,147	889	7,258
JOCHIMS , Stephen Christopher	30,626	1,386	29,242
SMIT , Johannes	17,287	3,457	13,830
Total Councilor Arrear Consumer Accounts	80,029	10,966	69,064

44.9 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

Non Compliance to the following sections of chapters of the MFMA :

CHAPTER	SECTION	SUB - SECTION
7	52	(d)
	53	
	54	(i)
8	64	(3)
	66	
	69	(3)
	71	(i) to (v)
	72	(1) to (3)
	74	(1) to (2)
	75	(1) to (2)
4	17	(3)
	24	(c)
	31	
3	11	(4)
12	121	(1)
	125	(2)
	129	(1)
	131	(1)
	129	(1)
	131	

AUDITOR-GENERAL
2010 -11- 30

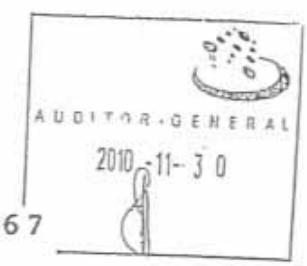
	2010 R	2009 R
Deviation from, and ratification of minor breaches of, the Procurement Processes		
n terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the financial statements.		
The majority of the items mentioned resulted from flood damage that had to be addressed at short notice and the response times did not allow for the complete procurement process to be followed. The balance of items was due to emergency circumstances and economic benefits for the municipality.		
Order Class : Emergency	3,139,872	1,476,074
Order Class : Sole Suppliers	5,347,613	6,107,924
Order Class : Workshop repairs (Strip & Quote)	12,686,489	10,720,133
Order Class : Above R200,000 approved by MM	6,802,376	211,390
	27,976,350	18,515,521
APITAL COMMITMENTS		
ommitments in respect of capital expenditure:		
- Approved and contracted for	57,348,615	88,135,493
Infrastructure	23,525,575	39,988,279
Community	20,094,691	13,215,223
Land & Buildings	0	714,642
Other	0	15,241,881
Housing	13,728,349	28,975,468
- Approved but not yet contracted for	25,242,680	17,235,664
Land and buildings	3,250,000	750,000
Infrastructure	12,100,000	15,264,759
Community	9,642,680	1,020,905
Other	250,000	200,000
al	82,591,295	115,371,157
s expenditure will be financed from:		
- External Loans	4,450,000	26,471,782
Capital Replacement Reserve	77,059,795	14,413,083
Government Grants	1,081,500	74,486,292
Other sources	0	0
	82,591,295	115,371,157

NCIAL STRUMENTS

Classification of Financial Instruments

NCIAL ASSETS:
cordance with IAS 39.09 the Financial Assets of the municipality are classified as follows :

Financial Assets	Classification		
tments			
tment in Unlisted shares	Held to maturity	112,000	112,000
-term Receivables			
to employees	Loans and receivables	0	18,733
ng bodies	Loans and receivables	79,315	75,267
organisations	Loans and receivables	246,874	16,721
ng selling scheme loans	Loans and receivables	4,778,041	3,775,073
mer Debtors			
e debtors	Loans and receivables	94,411,151	67,592,765
g Rental Schemes	Loans and receivables	4,970,969	2,069,065
g Selling Schemes	Loans and receivables	781,941	671,059
Debtors	Loans and receivables	17,601,060	20,672,989



		2010 R	2009 R
Current Portion of Long-term Receivables			
Loans to employees	Loans and receivables	0	18,733
Sporting bodies	Loans and receivables	22,657	121,838
Public organisations	Loans and receivables	72,644	64,949
Housing selling scheme loans	Loans and receivables	204,392	192,157
VAT Receivable			
VAT Control Accounts	Loans and receivables	15,545,271	10,087,604
Cash and cash equivalents			
Bank and cash on hand	Available for sale	27,287,301	20,835,219
Other Cash Equivalents	Available for sale	183,301,780	160,954,271
SUMMARY OF FINANCIAL ASSETS			
Held to maturity:			
Investments	Listed Investments	112,000	112,000
		112,000	112,000
Loans and Receivables			
Long-term Receivables	Loans to employees	0	18,733
Long-term Receivables	Sporting bodies	79,315	75,267
Long-term Receivables	Public organisations	246,874	16,721
Long-term Receivables	Housing selling scheme loans	4,778,041	3,775,073
Consumer Debtors	Service debtors	94,411,151	67,592,765
Consumer Debtors	Housing Rental Schemes	4,970,969	2,069,065
Consumer Debtors	Housing Selling Schemes	781,941	671,059
Other Debtors	Other Debtors	17,601,080	20,672,989
Current Portion of Long-term Receivables	Loans to employees	0	18,733
Current Portion of Long-term Receivables	Sporting bodies	22,657	121,838
Current Portion of Long-term Receivables	Public organisations	72,644	64,949
Current Portion of Long-term Receivables	Housing selling scheme loans	204,392	192,157
VAT Receivable	VAT Control Accounts	15,545,271	10,087,604
		138,714,334	105,376,953
Available for Sale:			
Bank Balances and Cash	Bank Balances	27,287,301	20,835,219
Bank Balances and Cash	Short term investment deposits	163,301,780	160,954,271
		190,589,081	181,789,490
Total Financial Assets		329,415,415	287,278,443

No Loans and Receivables are designated as at Fair Value Through Profit or Loss.

FINANCIAL LIABILITIES:

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

Financial Liabilities	Classification		
Long-term Liabilities			
Annuity Loans	Not valued at FVTPL	250,991,447	166,171,604
Consumer Deposits			
Electricity and Water	Not valued at FVTPL	18,192,133	16,956,383
Creditors			
Trade creditors	Not valued at FVTPL	104,162,561	74,503,246
Staff Leave	Not valued at FVTPL	16,529,559	13,619,185
Payments received in advance	Not valued at FVTPL	8,685,933	4,693,099
Other creditors	Not valued at FVTPL	43,669,191	27,954,033
Unspent Conditional Grants and Receipts			
Conditional Grants from other spheres of Government	Not valued at FVTPL	32,429,450	47,705,172
Other Conditional Receipts	Not valued at FVTPL	2,140,121	6,121,975
Bank Overdraft			
Bank Overdraft	Not valued at FVTPL	0	0
Current Portion of Long-term Liabilities			
Annuity Loans	Not valued at FVTPL	25,470,659	20,180,157
SUMMARY OF FINANCIAL LIABILITIES			
At valued at Fair Value through Profit and Loss (Amortised cost):			
Long-term Liabilities	Annuity Loans	250,991,447	166,171,604
Consumer Deposits	Electricity and Water	18,192,133	16,956,383
Creditors	Trade creditors	104,162,561	74,503,246
Creditors	Staff Leave	16,529,559	13,619,185
Creditors	Payments received in advance	8,685,933	4,693,099
Creditors	Other creditors	43,669,191	27,954,033
Unspent Conditional Grants and Receipts	Conditional Grants from other spheres of Government	32,429,450	47,705,172
Unspent Conditional Grants and Receipts	Other Conditional Receipts	2,140,121	6,121,975
Bank Overdraft	Bank Overdraft	0	0
Current Portion of Long-term Liabilities	Annuity Loans	25,470,659	20,180,157
Total Financial Liabilities		502,271,054	397,904,855

AUDITOR-GENERAL
2010-11-30

47.2 Fair Value of Financial Instruments

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values, except for the listed Government stock. In accordance with IAS 39.09 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	2010		2009	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Held to maturity:				
Listed Investments	112,000	150,869	112,000	147,521
	112,000	150,869	112,000	147,521
Loans and Receivables	138,414,641	138,414,641	104,979,276	104,979,276
Long-term Receivables	4,804,537	4,804,537	3,486,117	3,486,117
Consumer Debtors	100,164,060	100,164,060	70,332,889	70,332,889
Other Debtors	17,601,080	17,601,080	20,672,989	20,672,989
Current Portion of Long-term Receivables	299,693	299,693	397,677	397,677
VAT Receivable	15,545,271	15,545,271	10,087,604	10,087,604
Available for Sale				
Bank Balances and Cash	190,600,981	190,600,981	181,801,390	181,801,390
	190,600,981	190,600,981	181,801,390	181,801,390
Total Financial Assets	329,127,622	329,166,491	286,892,666	286,928,187
FINANCIAL LIABILITIES				
At at FVTPL (at amortised cost):	476,684,337	476,684,337	378,026,623	378,026,623
Secured Bank Facilities:	225,604,729	225,604,729	166,293,373	166,293,373
- Annuity Loans	225,604,729	225,604,729	166,293,373	166,293,373
- Bank Overdraft	-	-	-	-
Trade and Other Payables:	251,279,607	251,279,607	211,733,251	211,733,251
- Consumer Deposits	18,192,133	18,192,133	15,956,363	15,956,363
- Creditors	173,047,244	173,047,244	120,769,563	120,769,563
Unspent Conditional Grants	34,569,571	34,569,571	53,627,147	53,627,147
Current Portion of Long-term Liabilities	25,470,659	25,470,659	20,180,157	20,180,157
Total Financial Liabilities	476,684,337	476,684,337	378,026,623	378,026,623
Total Financial Instruments	(147,756,715)	(147,717,846)	(91,133,958)	(91,098,437)

Fair Values of Financial Assets and Financial Liabilities are determined as follows:

Fair Value of Long term liabilities is determined in accordance with generally accepted pricing models based on discounted flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fair value of Other Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

Annual Financial Statements include holdings in Listed Government Stock which are measured at amortised cost (note 14). Value is estimated with standard terms and conditions and traded on active liquid markets is determined with reference to market prices.

Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 5; Cash and Cash Equivalents disclosed in Note 21; and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Notes 12 and the Statement of Changes in Net Assets.

Ratio

The gearing ratio at the year-end was as follows:

	251,293,373	186,713,943
	2,985,877,187	2,951,401,596
Debt to equity ratio	8.42%	6.33%

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 5.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Position.

AUDITOR-GENERAL
2010 -11- 30

47.4 Financial Risk Management Objectives

Due to largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The entity does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

47.5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

47.6 Market risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 47.8 below). No formal policy exists to hedge volatilities in the interest rate market.

47.7 Interest Rate Risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk on financial assets consist mainly of fixed deposit investments and bank and cash balances.

The municipality is not exposed to a high level of interest rate risk on its financial liabilities. All of the Municipality's interest bearing external loan liabilities, as detailed in Appendix A, are fixed interest rate loans. Similarly with financial assets, the Municipality invests its surplus funds on fixed interest rate deposits with banks for fixed terms not exceeding one year.

No interest rate sensitivity analysis was performed, as the municipality is not exposed to variable interest rates on outstanding liabilities.

The municipality's maximum exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

47.8 Effective Interest Rates and Repricing Analysis

In accordance with IAS 32.67(a) and (b) the following tables indicate the average effective interest rates of income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30-Jun-10

Description	Average Effective Interest Rates	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
	%	R	R	R	R
FIXED RATE INSTRUMENTS					
Held-to-maturity Investments					
Eskom Shares	13.50%	7,560	7,560	0	15,120
		7,560	7,560	0	15,120
Unsecured Bank Facilities		(26,620,109)	(52,929,036)	(96,530,684)	(176,079,829)
Loan No 101633/1 DBSA	13.68%	(1,999,528)	(3,999,056)	(1,999,509)	(7,998,092)
Loan No 10619/3 DBSA	10.74%	(311,181)	(311,181)	0	(622,363)
Loan No 10618/4 DBSA	10.80%	(1,792,407)	(3,584,815)	(7,169,629)	(12,546,851)
Loan No 10618/4 DBSA	10.54%	(5,059,079)	(10,118,158)	(20,236,316)	(35,413,554)
Loan No 30-0868-5992 ABSA	15.00%	(320,098)	(640,195)	0	(960,293)
Loan No 30-0868-2071 ABSA	14.21%	(475,344)	(950,688)	(475,344)	(1,901,376)
Loan No NEDBANK	12.65%	(8,794,540)	(17,589,080)	(35,178,160)	(61,561,780)
Loan No 783 103 0646 NEDBANK	10.62%	(865,673)	(1,731,346)	(3,462,693)	(6,059,712)
Loan No 072-154-314 STANDARD BANK	10.25%	(3,035,715)	(6,071,430)	(12,142,859)	(21,250,004)
Loan No 072-154-411 STANDARD BANK	10.40%	(3,966,543)	(7,933,087)	(15,866,174)	(27,765,804)
Total Fixed Rate Instruments		(26,612,549)	(52,921,476)	(96,530,684)	(176,064,709)
VARIABLE RATE INSTRUMENTS					
Short-term Investment Deposits		163,301,780	-	0	163,301,780
Bank Balances and Cash		27,287,301	-	0	27,287,301
Total Variable Rate Instruments		190,589,081	-	0	190,589,081

30-Jun-10

Description	Average Effective Interest Rates	Total brought forward	3 - 5 Years	More than 5 Years	Total
	%	R	R	R	R
FIXED RATE INSTRUMENTS					
Held-to-maturity Investments					
Eskom Shares		15,120	-	0	15,120
	13.50%	15,120	-	0	15,120
Unsecured Bank Facilities					
Loan No 101633/1 DBSA		(176,079,829)	(129,524,690)	(82,480,535)	(388,085,054
Loan No 10618/3 DBSA	13.68%	(7,998,092)	-	0	(7,998,092
Loan No 10618/4 DBSA	10.74%	(622,363)	-	0	(622,363
Loan No 10618/4 DBSA	10.80%	(12,546,851)	(1,792,407)	0	(14,339,258
Loan No 00-0001 INCA	10.54%	(35,413,554)	-	0	(35,413,554
Loan No 30-0868-5982 ABSA	16.95%	-	(30,354,474)	(25,295,396)	(55,649,870
Loan No 30-0868-2071 ABSA	15.00%	(960,293)	-	0	(960,293
Loan No NEDBANK	14.21%	(1,901,376)	-	0	(1,901,376
Loan No 783 103 0648 NEDBANK	12.65%	(61,561,780)	(52,767,240)	(26,383,620)	(140,712,640
Loan No 072-154-314 STANDARD BANK	10.62%	(6,059,712)	(2,597,019)	0	(8,656,731
Loan No 072-154-411 STANDARD BANK	10.25%	(21,250,004)	(18,214,289)	(3,035,715)	(42,500,008
	10.40%	(27,765,804)	(23,799,261)	(27,765,804)	(79,330,869
Total Fixed Rate Instruments		(176,064,709)	(129,524,690)	(82,480,535)	(388,069,934
VARIABLE RATE INSTRUMENTS					
Short Term Investment Deposits		163,301,760	-	0	163,301,760
Bank Balances and Cash		27,287,301	-	0	27,287,301
		-	-	0	0
Total Variable Rate Instruments		190,589,061	-	0	190,589,061

June 2009

Description	Average	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
	%	R	R	R	R
D RATE INSTRUMENTS		-	-		
to-maturity Investments					
Eskom Shares		7,560	7,560	0	15,120
	13.50%	7,560	7,560	0	15,120
ured Bank Facilities					
Loan No 101633/1 DBSA		(21,691,447)	(38,660,019)	(70,960,079)	(131,511,544)
Loan No 10618/3 DBSA	13.68%	(1,999,528)	(3,999,056)	(5,998,565)	(11,997,148)
Loan No 10618/4 DBSA	10.74%	(311,181)	(622,363)	(311,181)	(1,244,726)
Loan No 10618/4 DBSA	10.80%	(1,792,407)	(3,584,815)	(7,169,629)	(12,546,851)
Loan No 00-0001 INCA	10.54%	(5,059,079)	(10,118,158)	(20,236,316)	(35,413,554)
Loan No 30-0599-8845 ABSA	16.95%	(1,583,604)	-	0	(1,583,604)
Loan No 30-0868-5982 ABSA	16.14%	(1,355,665)	(1,355,664)	0	(2,711,330)
Loan No 30-0868-2071 ABSA	15.00%	(320,098)	(640,196)	(640,195)	(1,600,489)
Loan No NEDBANK	14.21%	(475,344)	(950,688)	(1,426,032)	(2,852,064)
	12.65%	(8,794,540)	(17,589,080)	(35,178,160)	(61,561,780)
ed Rate Instruments		(21,683,887)	(38,852,459)	(70,960,079)	(131,496,424)
E RATE INSTRUMENTS		-			
t-term Investment Deposits		160,954,271	-	0	160,954,271
Balances and Cash		20,835,219	-	0	20,835,219
able Rate Instruments		181,789,490	-	0	181,789,490

AUDITOR-GENERAL
2010 -11- 30

30-Jun-09

Description	Average Effective Interest Rates	Total brought forward	2 - 5 Years	More than 5 Years	Total
	%	R	R	R	R
FIXED RATE INSTRUMENTS					
Held-to-maturity Investments					
Eskom Shares	13.50%	15,120	-	0	15,120
		15,120	-	0	15,120
		-	-	0	0
Unsecured Bank Facilities		(131,511,544)	(143,913,413)	(23,971,777)	(299,396,735)
Loan No 101633/1 DBSA	13.68%	(11,997,148)	-		(11,997,148)
Loan No 10618/3 DBSA	10.74%	(1,244,726)	-	0	(1,244,726)
Loan No 10618/4 DBSA	10.80%	(12,546,851)	(5,377,222)	0	(17,924,073)
Loan No 00-0001 INCA	9.41%	(35,413,554)	(50,590,791)	(15,177,237)	(101,181,582)
Loan No 10618/4 DBSA	10.54%	(1,583,604)	-	0	(1,583,604)
Loan No 30-0599-8645 ABSA	16.14%	(2,711,330)	-	0	(2,711,330)
Loan No 30-0868-5982 ABSA	15.00%	(1,600,489)	-	0	(1,600,489)
Loan No 30-0868-2071 ABSA	14.21%	(2,852,064)	-	0	(2,852,064)
Loan No NEDBANK	12.65%	(61,561,780)	(87,945,400)	(8,794,540)	(158,301,720)
Total Fixed Rate Instruments		(131,496,424)	(143,913,413)	(23,971,777)	(299,381,615)
VARIABLE RATE INSTRUMENTS					
Short-term Investment Deposits		160,954,271	-	0	160,954,271
Bank Balances and Cash		20,835,219	-	0	20,835,219
Total Variable Rate Instruments		181,789,490	-	0	181,789,490

Ultimate responsibility for liquidity risk management rests with the Council. The Municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the Municipality's main banker to cater for any unexpected temporary shortfall in operating funds.

47.9 Liquidity and Interest Risk Tables

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Average Effective Interest Rates	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
	%	R	R	R	R
0-Jun-10					
ixed Interest Rate Instruments	11.89%	25,620,109	52,929,036	92,807,369	172,356,514
		26,620,109	52,929,036	92,807,369	172,356,514
0-Jun-09					
ixed Interest Rate Instruments	12.81%	21,691,447	38,860,019	70,960,079	131,511,544
		21,691,447	38,860,019	70,960,079	131,511,544

Description	Average Effective Interest Rates	Total brought forward	3 - 5 Years	More than 5 Years	Total
	%	R	R	R	R
-Jun-10					
ed Interest Rate Instruments	11.89%	172,356,514	168,077,009	13,853,619	354,287,142
		172,356,514	168,077,009	13,853,619	354,287,142
Jun-09					
ed Interest Rate Instruments	12.81%	131,511,544	143,913,413	23,971,777	299,396,734
		131,511,544	143,913,413	23,971,777	299,396,734

AUDITOR-GENERAL
2010-11-30

7.9 Liquidity and Interest Risk Tables

he following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables ave been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the unicipality can be required to pay. The table includes both interest and principal cash flows.

Description	Average Effective Interest Rates	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
	%	R	R	R	R
0-Jun-10					
ixed Interest Rate Instruments	11.89%	26,620,109	52,929,036	92,807,369	172,356,514
		26,620,109	52,929,036	92,807,369	172,356,514
0-Jun-09					
xed Interest Rate Instruments	12.81%	21,691,447	38,860,019	70,960,079	131,511,544
		21,691,447	38,860,019	70,960,079	131,511,544

Description	Average Effective Interest Rates	Total brought forward	3 - 5 Years	More than 5 Years	Total
	%	R	R	R	R
-Jun-10					
ed Interest Rate Instruments	11.89%	172,356,514	168,077,009	13,853,619	354,287,142
		172,356,514	168,077,009	13,853,619	354,287,142
Jun-09					
ed Interest Rate Instruments	12.81%	131,511,544	143,913,413	23,971,777	299,396,734
		131,511,544	143,913,413	23,971,777	299,396,734

following table details the municipality's expected maturity for its financial assets. The tables below have been drawn up ed on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets pt where the municipality anticipates that the cash flow will occur in a different period.

Description	Average Effective Interest Rates	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
	%	R	R	R	R
un-10					
ible Interest Rate Instruments	9.90%	5,500,000	5,500,000	11,625,000	22,625,000
f Interest Rate Instruments	13.50%	7,560	7,560	7,560	22,680
		5,507,560	5,507,560	11,632,560	22,647,680
un-09					
ble Interest Rate Instruments	9.90%	4,250,000	4,250,000	9,200,000	17,700,000
Interest Rate Instruments	13.50%	7,560	7,560	0	15,120
		4,257,560	4,257,560	9,200,000	17,715,120

Description	Average Effective Interest Rates	Total brought forward	2 - 5 Years	More than 5 Years	Total
	%	R	R	R	R
n-10					
le Interest Rate Instruments	9.90%	22,625,000	-	0	22,625,000
Interest Rate Instruments	13.50%	22,680	7,560	7,560	37,800
		22,647,680	7,560	7,560	22,662,800
1-09					
e Interest Rate Instruments	9.90%	17,700,000	8,900,000	0	26,600,000
nterest Rate Instruments	13.50%	15,120	-	0	15,120
		17,715,120	8,900,000	0	26,615,120

nicipality has access to financing facilities, the total unused amount which is R5 million at the balance sheet date. The ality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The ality expects to maintain its current debt to equity ratio. This will be achieved through the annual increase in tariffs to the accumulated surplus , as well as the increased use of unsecured bank loan facilities.

AUDITOR-GENERAL
2010 -11- 30

	2010 R	2009 R

47.10 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The Municipality manages credit risk in its borrowing and investing activities by only dealing with well-established financial institutions of high credit standing, and by spreading its exposure over a range of such institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the Municipality's credit control and debt collection policy. The Municipality's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in the accounting policies and note 19 to the financial statements.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings .

The carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Investments	112,000	112,000
Long-term Receivables	6,611,785	7,655,131
Consumer Debtors	259,154,014	209,932,278
Other Debtors	17,601,080	20,672,989
VAT receivable	15,545,271	10,087,604
Bank and Cash Balances	190,600,981	181,801,390
Maximum Credit and Interest Risk Exposure	489,625,131	430,261,391

RETIREMENT BENEFIT INFORMATION

The Municipality makes provision for post-retirement benefits to eligible Councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councilors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R22,507,157 (2009: R22,629,205) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

APE JOINT PENSION FUND

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

efined Benefit Scheme

ne contribution rate payable is under the the defined benefit section is 27%, 9% by the members and 18% by their councils. ne valuation disclosed an actuarial surplus of R182.733 million, with a funding level of 106.5%, and The fund was certified being in a sound financial condition as at 30 June 2008 by the actuary.

fined Contribution Scheme

e actuarial valuation re,'ort at 30 June 2008 indicated that the the defined contribution scheme of the fund is in a sound ancial position, with a funding level of 103.3%.

PE JOINT RETIREMENT FUND

contribution rate paid by the members (7.5%) and council (19.5%) is sufficient to fund the benefits accruing from the id in future. The actuary certified the fund as been in a sound financial condition as at 30 June 2008, with a surplus of .934 million, at a funding level of 112.2%

A PENSION FUND

SALA Pension Fund operates both as a defined benefit and defined contribution scheme.

fund was 110% funded at the valuation date, 1 July 2007. The highest contribution rate paid by the members was 9% by Council 18%. The main contributing factor to the improved funding level was the high fund returns during the period 1 2006 to 1 July 2007. The employer contribution has increased by 2.5% to improve the solvency position of the fund. The statutory valuation is performed every 3 years , being 30 June 2009. Valuation not yet finalised

rustees have subsequently agreed with the Financial Services Board on a revised scheme of arrangement. As part of ew scheme of arrangement, the fund's benefits have been restructured to ease the pressure on the required future ce contribution rate.

le actuary's opinion that the fund can be regarded as financially sound at the valuation date.

CIPAL COUNCILLORS' PENSION FUND

lunicipal Councilors Pension Fund operates as a defined contribution scheme. The actuarial valuation of the fund was aken at 30 June 2006 and was reported to be in a sound financial position . The contribution rate paid by the members %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified the s a whole to be in a sound financial condition. The next statutory valuation is performed every 3 years , being 30 June Valuation not yet finalised.

	2010 R	2009 R

TIONAL FUND FOR MUNICIPAL WORKERS

above mentioned fund is a defined contribution Fund and according to Regulation 2 of the Pension Funds Act no 24 of 1956 mpt from the provisions of sections 9A and 16 of the Act. The contribution rate paid by the members (9.00 %) and council .00 %).

latest statutory valuation was done on 01 July 2007, and at this date the results state that the way the benefits are structured he rules, the fund is limited to an amount equal to the accumulation of all the contributions plus investment returns less ministration costs. The next statutory valuation is 3years , being 30 June 2010.

UTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND

SAMWU National Provident Fund is a defined contribution scheme. The contribution rate paid by the members (5%) and ncil (12%) is sufficient to fund the benefits accruing from the fund in the future. The last actuarial valuation of the fund was formed at 30 June 2005 and the fund was certified as being in a financially sound position. The next statutory valuation is due later than 30 June 2008. Valuation not yet received.

NTINGENT LIABILITY

va Packhouse (Pty) Ltd

lim for damages — 104,746,150 | 104,746,150

Municipality is being sued by Nova Packhouse (Pty) Ltd for losses suffered when a building was severely damaged by fire. uncil is waiting for legal advice. A court date has not yet been set. Should Council be unsuccessful in defending the claim, re is a possibility that the claim will be settled.

arl Pr

lim for damages — 678,047,358 | 678,047,358

Municipality is being sued by Paarl Print (Pty) Ltd for losses suffered when a building was severely damaged by fire. Council waiting for legal advice. A court date has not yet been set. Should Council be unsuccessful in defending the claim, there is a sibility that the claim will be settled.

Fighting Services

m for services rendered — 1,287,012 | 1,287,012

Fighting charges incurred by Cape Winelands District Municipality, on behalf of Drakenstein Municipality.

Guarantees of employee housing loans — 25,397 | 57,259

rantees have been issued to various financial institutions on behalf of officials in respect of housing loans. This is partially ered by individual accumulated pensions depending on the years of service. Collateral investments were made in certain es. The maximum amount of the guarantee in the event of the default is R 25 397 (2009: R57 259)

Guarantees to Eskom for electricity supply to Saron — 0 | 0

rantee has been issued to Escom in respect of electricity supply to Saron

ANCIA SK MANAGEMENT

est rate risk

Municipality is not exposed to interest rate risk on its financial liabilities. All of the Municipality's interest bearing external loan ities, as detailed in Appendix A, are fixed interest rate loans. Similarly with financial assets, the Municipality invests its surplus s on fixed interest rate deposits with banks for fixed terms not exceeding one year.

Idity risk

Municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and flows. Standby credit facilities are available with the Municipality's main banker to cater for any unexpected temporary fall in operating funds.

it risk

Municipality manages credit risk in its borrowing and investing activities by dealing with only A rated financial institutions and reading its exposure over a range of such institutions in accordance with its approved investment policies. Credit risk ng to consumer debtors is managed in accordance with the Municipality's credit control and debt collection policy. The cipality's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any ular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional nation relating to the analysis of consumer debtors is given in paragraph 6 of the Chief Financial Officer's report and in note the financial statements.

AUDITOR-GENERAL
2010 -11- 30

value interest rate risk

Municipality is exposed to fair value interest rate risk on its external loan liabilities which are all fixed interest rate loans.

31 EVENTS AFTER REPORTING DATE

No known events after reporting date has been identified.

32 Comparison with the budget

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).

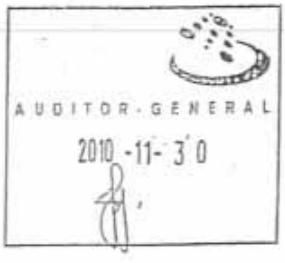
33 BIOLOGICAL ASSETS

Due to the fact that the plants are growing in a nature reserve and is protected by the natures conservation act (Act no 19 of 1974) a special permit must be obtained to harvest these seeds. The income on the selling of these seeds are accounted for under vote 485525054500. These plant grow wild and there is no input cost by the municipality in order to enhance the growth of these plants.
No value can be placed on this biological assets due to the fact that the municipality cannot determine the quantity of plants. These plants produce seedlings on a yearly basis that can result in plants and the municipality cannot determine which are new seedlings, futhermore the plants can be destroyed by fire. It would also be impossible to determine the value of the plants due to the fact that they are in all different stages of growth. At this stage no proteas can be harvest as it takes between 3 to 6 years for proteas to form flowers again.

34 *REPORTING AGAINST THE FRAMEWORK FOR SCHEDULE 4 DORA ALLOCATIONS*

Submit project registrations and detail project implementation plans before the prescribed due dates.
Department of provincial and Local Government is monitoring the overall programme implementation.

Registered MIG programmes for the 2009/2010 financial year	Received	Expenditure	Closing Balance
Drakenstein: New Street Lighting	22,987	22,987	0
Sportsgrounds Lighting	810,277	249,536	560,741
PMU: Municipal Infrastructure Grant	301,460	299,744	1,736
Bulk Gravity Outfall Sewer (Paarl South)	2,415,911	2,415,911	0
Upgrading to Paarl WWTW & WWTW Strategy	10,901,845	10,901,845	0
11 ML Newton Reservoir	1,054,075	1,054,075	0
Newton: Water Pipeline	166,368	166,368	0
Water Treatment Works (Paarl Mountain)	5,755,712	5,755,712	0
Simondium: Upgrade of Bulk Water Supply	89,345	89,345	0
Refer to totals in AFS Appendix F-	21,539,000	20,976,523	562,477



APPENDIX A

DRAKENSTEIN MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

EXTERNAL LOANS	Interest Rate	Loan Number	Redeemable Date	Balance at 30 June 2009	Received during the period	Capitalised during the period	Redeemed/ written off during the period	Balance at 30 June 2010
				R	R	R	R	R
ANNUITY AND OTHER LOANS								
DBSA	13.68%	101633/1	2012	9,573,355	0	0	2,780,329	6,793,026
DBSA	10.74%	100618/3	2011	1,093,812	0	0	518,310	575,502
DBSA	10.80%	100618/4	2014	13,569,435	0	0	2,175,780	11,393,655
DBSA	10.54%	100618	2018	61,628,587	0	0	3,717,958	57,910,629
INCA	16.95%	PAAR- 00-0001	2009	1,460,817	0	0	1,460,817	(0)
ABSA BANK	16.14%	30-0599-8845	2010	2,405,260	0	0	2,405,262	(2)
ABSA BANK	15.00%	30-0828-5982	2011	1,286,450	0	0	457,954	828,496
ABSA BANK	14.21%	30-0866-2071	2012	2,242,837	0	0	644,878	1,597,959
NEDBANK	12.65%	497-935-400-00	2018	92,911,051	0	0	6,018,869	86,892,182
NEDBANK	10.62%	783-103-0646	2015	0	6,585,000	0	0	6,585,000
STANDARD BANK	10.25%	072-154-314	2017	0	29,810,729	0	0	29,810,729
STANDARD BANK	10.40%	072-154-411	2020	0	48,604,271	0	0	48,604,271
Total Annuity Loans and Other				186,171,604	85,000,000	0	20,180,157	250,991,447
TOTAL EXTERNAL LOANS				186,171,604	85,000,000	0	20,180,157	250,991,447

AUDITOR-GENERAL
2010 -11- 30

APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost						Accumulated Depreciation							
	Opening Balance R	Transfers/ Adjustments R	Work In Progress R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R	Carrying Value R	Budget Additions 2010
Land and Buildings													
Land	318,579,429	(10,271,937)	0	4,400,000	(174,749)	304,532,743	0	0	0	0	0	304,532,743	4,449,581
Buildings	105,204,414	(4,625,969)	0	1,651,027		102,229,472	(7,104,715)	(172,656)	(3,159,596)		(10,436,968)	91,792,505	2,306,692
	423,783,843	(22,897,905)	0	6,051,027	(174,749)	406,762,215	(7,104,715)	(172,656)	(3,159,596)	0	(10,436,968)	396,325,247	6,756,273
Infrastructure													
Drains	130,899,199	0	0		0	130,899,199	(74,195,380)	0	(2,581,160)	0	(76,776,520)	54,122,679	0
Roads	968,771,716	0	2,028,134	17,330,034	0	988,129,885	(416,900,362)	0	(30,615,585)	0	(447,515,947)	540,613,938	22,870,228
Electricity Mains	1,517,955,810	0	442,330	22,171,847	0	1,540,569,987	(735,842,031)	3,545	(33,478,418)	0	(769,317,804)	771,252,184	26,095,902
Electricity Peak Load Equipment	154,669,453	0	0	1,574,987	0	156,244,440	(61,044,812)	0	(3,256,920)	0	(64,301,732)	91,942,708	1,683,667
Water Mains & Purification	211,912,320	0	0		0	211,912,320	(119,770,248)	0.00	(5,468,970)	0	(125,239,218)	86,673,102	0
Reservoirs - Water	292,116,100	0	0		0	292,116,100	(92,304,206)	0	(6,712,384)	0	(99,016,590)	193,099,510	0
Water Meters	38,742,881	0	0		0	38,742,881	(22,258,608)	0	(973,370)	0	(23,231,978)	15,510,903	0
Water Mains	634,095,284	0	22,949,032	8,996,570	0	666,302,884	(57,016,889)	0.00	(5,469,509)	0	(62,486,397)	97,816,586	33,903,705
Sewerage Mains & Purification	4,107,526,125	0	71,523,109	6,505,835	0	712,124,228	(285,352,919)	0	(14,035,339)	0	(299,388,258)	412,735,971	80,946,015
			96,942,606	56,579,274	0	4,203,042,885	(1,894,686,335)	3,545	(102,591,655)	0	(1,997,274,445)	2,263,767,560	164,699,518
Community Assets													
Parks & Gardens	11,577,660	0	0	2,707,338	0	14,284,998	(3,078,934)	0	(509,497)	0	(3,588,431)	10,696,565	3,001,000
Libraries	2,509,833	0	0	1,221,816	0	3,731,649	(42,171)	0	(797,255)	0	(839,426)	2,892,223	1,558,000
Recreation Grounds	18,254,341	0	0	9,345,539	0	27,599,880	(3,579,811)	0	(1,043,244)	0	(4,623,055)	22,976,825	9,768,892
Civic Buildings	27,742,595	28,500,000	2,134,754	18,568,822	0	76,946,171	(3,369,140)	877,941	(2,946,027)	0	(5,437,226)	71,508,344	21,660,233
	60,084,429	28,500,000	2,134,754	31,843,513	0	122,562,696	(10,070,057)	877,941	(5,296,022)	0	(14,488,738)	108,073,959	35,988,085
Heritage Assets													
Historical Buildings	1,080,913	0	0		0	1,080,913	0	0	0	0	0	1,080,913	0
Painting & Art galleries	25,139	0	0		0	25,139	0	0	0	0	0	25,139	0
	1,106,052	0	0	0	0	1,106,052	0	0	0	0	0	1,106,052	0
Housing Rental Stock													
Housing Rental 1	306,682,258	0	0	0	(186,875)	306,495,383	(16,178,099)	0	(6,549,590)	21,461	(24,706,228)	281,789,155	0
	306,682,258	0	0	0	(186,875)	306,495,383	(16,178,099)	0	(6,549,590)	21,461	(24,706,228)	281,789,155	0
LEASED ASSETS													
Office Equipment	832,827	0		0		832,827	(338,173)	0	(321,930)	0	(660,103)	172,724	0
	832,827	0	0	0	0	832,827	(338,173)	0	(321,930)	0	(660,103)	172,724	0
Other Assets													
Landfill Sites	92,155,034	0		0		92,155,034	(42,345,566)	0	(2,024,902)	0	(45,170,467)	46,984,567	0
Office Equipment	34,786,217	0		2,827,116		37,613,333	(27,174,955)	1,330	(2,276,752)	0	(29,450,377)	8,162,955	4,755,615
Furniture & Fittings	9,378,656	0		334,463		9,713,118	(4,654,517)	(66,641)	(702,085)	0	(5,423,242)	4,289,876	349,302
Bins & Containers	4,135,583	0		0		4,135,583	(3,365,961)	0	(136,278)	0	(3,502,239)	633,344	0
Emergency Equipment	8,794,421	0		5,748,027		14,542,448	(4,155,756)	9	(1,492,357)	0	(5,688,103)	8,854,346	6,401,566
Motor Vehicles	75,478,656	0		9,445,205		84,923,861	(42,391,141)	61,757	9,938,177	0	(32,391,206)	52,532,654	9,481,165
Fire Engines	5,840,275	0		0		5,840,275	(1,990,376)	0	61,547	0	(1,928,829)	3,911,446	0
Refuse Tankers	2,569,346	0		0		2,569,346	1,013,696	(1,374,582)	1,166	0	(359,720)	2,209,627	0
Computer Equipment	7,943,889	0		2,983,657		10,927,546	(4,324,369)	1,374,582	(1,403,368)	0	(4,353,054)	6,574,492	3,249,049
	241,082,077	0	0	21,318,467	0	262,400,544	(129,429,844)	(3,541)	1,165,150	0	(128,267,238)	134,133,306	24,216,498
Total	5,141,091,610	5,602,095	99,077,360	115,792,280	(361,624)	5,361,201,721	(2,057,806,223)	705,289	(118,754,243)	21,461	(2,175,833,720)	3,185,368,001	231,660,374

APPENDIX B
ANALYSIS OF INTANGABLES AS AT 30 JUNE 2010

	Cost						Accumulated AMORTISATION						
	Opening Balance R		Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R	Carrying Value R	Budget Additions 2010
Intangible Assets	6,394,506		0	989,967	0	7,384,473	(2,197,232)	0	(255,618)	0	(2,452,850)	4,931,623	1,230,400
Total	6,394,506	0	0	989,967	0	7,384,473	(2,197,232)	0	(255,618)	0	(2,452,850)	4,931,623	1,230,400

APPENDIX B
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2010

	Cost						Accumulated Depreciation						
	Opening Balance R	Transfers/ Adjustments	Work In Progress R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R	Carrying Value R	Budget Additions 2010
Investment Properties	42,354,000	(1,904,000)	0	0		40,450,000	0	0	0	0	0	40,450,000	0
Total	42,354,000	(1,904,000)	0	0	0	40,450,000	0	0	0	0	0	40,450,000	0

AUDITOR-GENERAL
2010 -11- 30

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Housing	Other	Finance Leases	Total
	R	R	R	R	R	R		R
Carrying values at 1 July 2009	416,679,128	2,212,833,790	50,014,372	1,106,052	290,504,159	111,653,233	494,654	3,083,285,387
Cost	423,783,843	4,107,520,125	60,004,429	1,106,052	306,682,258	241,082,077	832,827	5,141,091,610
Accumulated depreciation	(7,104,715)	(1,894,686,335)	(10,070,057)	0	(16,178,099)	(129,428,844)	(338,173)	(2,057,806,223)
Acquisitions	6,051,027	153,521,879	33,978,267	0	0	21,318,467	0	214,869,640
Transfers/Adjustments	(22,897,905)	0	28,500,000	0	0	0	0	5,602,095
Depreciation	(3,159,396)	(102,591,655)	(5,296,622)	0	(8,549,590)	1,165,150	(321,930)	(118,754,243)
Depreciation Adjustments	(172,656)	3,545	877,941	0	0	(3,541)	0	705,289
Carrying value of disposals	(174,749)	0	0	0	(165,414)	0	0	(340,163)
Cost	(174,749)	0	0	0	(186,875)	0	0	(361,624)
Accumulated depreciation	0	0	0	0	21,461	0	0	21,461
Carrying Values at 30 June 2010	396,325,247	2,263,767,560	108,073,958	1,106,052	281,789,155	134,133,310	172,724	3,185,368,001
Cost	406,762,215	4,261,042,005	122,502,696	1,106,052	306,495,383	262,400,544	832,827	5,361,201,721
Accumulated depreciation	(10,436,968)	(1,997,274,445)	(14,428,738)	0	(24,706,228)	(128,267,238)	(660,103)	(2,175,833,720)

APPENDIX B(1)

RECONCILIATION OF CARRYING VALUE OF INTANGIBLES AS AT 30 JUNE 2010

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Housing	Other	Intangibles	Total
	R	R	R	R	R	R		R
Carrying values at 1 July 2009								
Cost	0	0	0	0	0	0	4,197,274	4,197,274
Amortisation	0	0	0	0	0	0	6,394,506	6,394,506
Acquisitions	0	0	0	0	0	0	(2,197,232)	(2,197,232)
Depreciation based on cost	0	0	0	0	0	0	989,967	989,967
	0	0	0	0	0	0	(20,344)	(20,344)
Carrying Values at 30 June 2010								
Cost	0	0	0	0	0	0	4,931,623	4,931,623
Amortisation	0	0	0	0	0	0	7,384,473	7,384,473
	0	0	0	0	0	0	(2,452,850)	(2,452,850)

APPENDIX B(1)

RECONCILIATION OF CARRYING VALUE OF INVESTMENT PROPERTIES AS AT 30 JUNE 2010

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Housing	Other	Investment Property	Total
	R	R	R	R	R	R		R
Carrying values at 1 July 2009								
Fair Value	0	0	0	0	0	0	42,354,000	42,354,000
Other Movements	0	0	0	0	0	0	42,354,000	42,354,000
	0	0	0	0	0	0	(1,904,000)	(1,904,000)
Carrying Values at 30 June 2010								
Fair Value	0	0	0	0	0	0	40,450,000	40,450,000
	0	0	0	0	0	0	40,450,000	40,450,000

179

SECTION 78 NOTICE TO BE SERVED

2009 -11- 30

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost						Accumulated Depreciation					Carrying Value	Budget / Additions
	Opening Balance R	Transfers/ Adjustments R	Work In Progress	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R	R	2010 R
Executive & Council	4,107,523	0	0	163,336	0	4,270,859	(3,018,247)	0	(201,545)	0	(3,219,792)	1,051,067	182,525
Budget & Treasury	6,126,231	0	0	605,092	0	6,731,323	(4,136,090)	0	(533,357)	0	(4,669,447)	2,132,476	567,613
Corporate Services	424,364,822	5,603,747	0	31,366,831	0	461,335,400	(63,504,557)	705,282	1,814,113	0	(61,385,172)	399,950,227	33,994,000
Planning and Development	7,905,010	0	0	979,586	0	8,884,522	(2,768,189)	0	(570,593)	0	(3,338,782)	5,545,740	1,259,211
Health	523,084	0	0	293,313	0	816,397	(72,172)	0	(43,162)	0	(115,334)	701,064	418,000
Comm. & Social Services	19,370,368	0	2,134,754	3,159,995	0	24,665,117	(3,652,254)	0	(1,820,368)	0	(5,672,622)	18,992,595	4,368,878
Housing	429,173,137	(1,653)	5,493,668	2,413,450	(361,624)	436,717,298	(19,240,280)	0	(9,938,802)	21,461	(29,156,621)	407,560,476	10,252,802
Public Safety	11,158,929	0	0	2,123,970	0	13,282,899	(7,935,468)	0	596,719	0	(7,338,749)	5,944,150	2,753,842
Sport and Recreation	37,194,682	0	0	16,688,470	0	43,883,152	(7,813,928)	0	(1,799,856)	0	(9,613,784)	34,269,367	21,635,126
Road Transport	1,084,033,649	0	2,028,134	15,174,339	0	1,101,236,122	(481,231,505)	0	(32,752,638)	0	(513,984,143)	587,251,980	3,212,038
Waste Water Management/Sewerage	634,011,497	0	66,029,121	4,382,220	0	704,422,838	(287,181,960)	0	(14,076,132)	0	(301,258,092)	403,164,746	71,728,628
Waste Management/Solid Waste	98,214,111	0	0	3,108,716	0	101,322,827	(44,767,856)	0	(3,115,423)	0	(47,883,279)	53,499,547	29,566,717
Water	689,374,169	0	22,949,032	9,107,827	0	721,430,625	(320,732,619)	0	(15,679,540)	0	(336,602,159)	384,828,666	33,038,697
Electricity	1,705,534,397	0	442,330	26,134,814	0	1,732,111,541	(811,201,088)	0	(40,434,556)	0	(851,635,644)	880,475,897	27,682,699
TOTAL	5,141,091,611	5,602,095	99,077,369	115,792,260	(361,624)	5,361,201,722	(2,057,808,221)	705,282	(118,754,243)	21,461	(2,176,833,721)	3,185,368,001	231,880,774

APPENDIX C
SEGMENTAL ANALYSIS OF INTANGABLES AS AT 30 JUNE 2010

	Cost						Accumulated Depreciation					Carrying Value	Budget / Additions
	Opening Balance R	Transfers/ Adjustments R	Work In Progress	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R	R	2010 R
Executive & Council	0	0		0	0	0	0	0	0	0	0	0	0
Executive & Council	23,342	0	0	0	0	23,342	(389)	(1,450,845)	859,122	0	(592,112)	(568,770)	0
Corporate Services	0	0	0		0	0	(2,185,115)	(83,267)	0	0	(2,248,382)	(2,248,382)	0
Community Services	5,253,306	0	0	864,068	0	6,117,374	(2,000)	1,758,348	(1,105,415)	0	650,933	6,768,307	1,042,381
Planning and Development	708,452	0	0	125,899	0	832,351	(1,491)	(142,782)	(16,173)	0	(160,446)	671,905	187,639
Public Safety	120,000	0	0		0	120,000	(4,054)	(26,000)	0	0	(30,054)	89,946	0
Sport & Recreation	15,596	0	0	0	0	15,596	(3,825)	(16,116)	6,847	0	(13,094)	2,506	0
Electricity	273,669	0	0		0	273,669	(357)	(58,559)	0	0	(58,916)	214,753	0
Water	2,141	0	0	0	0	2,141	0	(785)	0	0	(785)	1,356	0
TOTAL	6,394,506	0	0	989,967	0	7,384,473	(2,197,231)	(0)	(255,619)	0	(2,452,851)	4,931,623	1,230,000

APPENDIX C
SEGMENTAL ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2010

	Cost						Accumulated Depreciation					Carrying Value	Budget / Additions
	Opening Balance R	Transfers/ Adjustments R	Work In Progress	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R	R	2009 R
Corporate Services	42,354,000	(1,904,000)	0	0	0	40,450,000	0	0	0	0	0	40,450,000	28,572,752
TOTAL	42,354,000	(1,904,000)	0	0	0	40,450,000	0	0	0	0	0	40,450,000	28,572,752

AUDITOR-GENERAL
2010 -11- 30

APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
34,890,174	38,793,203	(3,903,029)	Executive & Council	12,456,179	27,118,717	(14,662,538)
154,065,924	113,635,583	40,430,340	Finance & Admin	149,440,443	39,745,166	109,695,277
			Corporate Services	4,274,739	52,338,747	(48,064,007)
4,844,620	18,605,914	(13,761,294)	Planning and Development	3,785,624	22,511,480	(18,725,856)
1,853,595	6,825,669	(4,972,074)	Health	1,947	5,582,978	(5,581,031)
1,919,490	12,405,274	(10,485,784)	Comm. & Social Services	2,558,046	18,809,648	(16,251,602)
13,893,095	34,201,785	(20,308,691)	Housing	72,197,600	104,812,422	(32,614,821)
13,044,351	34,756,175	(21,711,824)	Public Safety	23,705,555	38,824,780	(15,119,226)
2,372,568	36,890,656	(34,518,088)	Sport and Recreation	1,992,233	50,388,735	(48,396,502)
2,755,644	40,651,325	(37,895,681)	Road Transport	366,850	75,603,418	(75,236,568)
36,746,055	35,158,184	1,587,871	Waste Water Management/Sewerage	64,284,318	50,758,519	13,525,799
50,344,493	38,346,898	11,997,595	Waste Management/Solid Waste	59,916,323	47,397,918	12,518,405
74,741,332	40,388,555	34,352,778	Water	104,493,268	52,490,494	52,002,775
289,951,722	221,640,707	68,311,015	Electricity	443,409,826	363,853,157	79,556,669
681,423,063	672,299,929	9,123,134	Sub Total	942,882,953	950,236,179	(7,353,227)
60,515,520	60,515,520	(0)	Less Inter-Departmental Charges	0	0	0
620,907,543	611,784,409	9,123,134	Total	942,882,953	950,236,179	(7,353,227)

AUDITOR-GENERAL
2010-11-30

ACTUAL REVENUE AND EXPENDITURE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010

	Actual R	Budget R	Variance R	Variance %	Explanation of Variances greater than 5%
REVENUE					
Property rates	146,675,756	149,746,127	3,070,371	2.05%	
Property rates - penalties imposed and collection charges	1,201,915	1,636,845	434,930	26.57%	Penalties on overdue indigents accounts were not raised and therefor an understatement of penalties revenue.
Service charges	566,026,434	558,059,657	(7,966,777)	-1.43%	
Rental of facilities and equipment	15,982,109	14,773,656	(1,208,453)	-8.18%	Due to an increase in the rental amounts and the revisement of lapsed contracts their was increase in the amounts
Interest - external investments	11,622,718	11,250,430	(372,288)	-3.31%	
Dividends - stock	15,120	0	(15,120)	1.00%	
Interest earned Outstanding Debtors	7,120,600	9,699,336	2,578,736	26.59%	Due to stricter credit control measures customers made arrangement for their accounts and therefore less penalties charged.
Fines	14,931,128	15,086,608	155,480	1.03%	
Licenses and permits	8,738,257	9,857,704	1,119,447	11.36%	This is due to less new license cards issues.
Government grants and subsidies	153,545,776	186,783,207	33,237,431	17.79%	Actual income less than budgeted due to less indigent grants as well as the financial year difference of the Municipal budget and the Provincial budget.
Other income	17,004,151	19,305,673	2,301,522	11.92%	Due to a drop in new connections and availability fees and also building fees their was a decrease in income.
Gains on disposal of property , plant and equipment	18,982	3,000,000	2,981,018	99.37%	Their was no auction held in 09/10 and theifore the big variance.
Total Revenue	*942,882,953*	*979,199,243*	*36,316,290*	*3.71%*	
EXPENDITURE					
Employee related costs	234,111,977	237,895,991	(3,784,014)	-1.59%	
Remuneration of councilors	14,859,005	14,958,090	(99,085)	-0.66%	
Bad debts	30,974,458	26,053,098	(5,078,598)	-19.49%	Oab debts reduced due to effective debt collection and the provision for impairment is less than budgeted for.
Collection costs	6,004,143	5,426,294	577,849	10.65%	More sale of prepaid electricity points installed which resulted in an increased collection costs.
Depreciation	119,009,882	152,066,318	(33,056,436)	-21.74%	Implementation of GRAP . The municipality review the useful lives of furniture, computers, vehicles and infrastructure which resulted in R28million depreciation written back . Refer note 11 for more detail.
Repairs and maintenance	83,251,335	87,228,225	(3,976,890)	-4.56%	
Interest on external borrowings	21,638,152	21,671,813	(33,661)	-0.16%	
Bulk purchases	264,033,541	264,753,459	(719,918)	-0.27%	
Contracted services	9,062,845	10,484,536	(1,421,691)	-13.56%	The variance is mainly due to the security services contracts actual expenditure that was less than budgeted amount.
Grants and subsidies paid	577,361	575,228	2,133	0.37%	
General expenses - other (including abnormal expenses)	176,445,255	190,231,886	(13,786,631)	-7.25%	Grants expenditure less than budgeted . Also linked to other income which is less than budgeted amount.
Loss on disposal of property , plant and equipment	268,245	0	268,245	0.00%	
Total Expenditure	*950,236,180*	*1,011,344,896*	*(61,108,716)*	*-6.04%*	
NET SURPLUS / (DEFICIT) FOR THE YEAR	*(7,353,227)*	*(32,145,653)*	*(24,792,426)*	*100.00%*	

AUDITOR GENERAL
2010-11-30

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY , PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual R	2010 Budget	2010 Variance R	2010 Variance %	Explanation of Variances greater than 5% R
Land and Buildings					
Buildings	6,051,027	6,756,273	705,247	10.44%	Repairs and Maintenance work that was accounted for as capital was rectified at the end of the financial year. This expenditure was corrected and classified as operational expenditure. This resulted in the variance of 10.44%
	6,051,027	6,756,273	705,247	-11.68%	
Infrastructure					
Roads	19,350,168	22,070,229	2,712,061	12.29%	Due to non availability of bitumen the roads could not be completed
Electricity Mains	22,614,178	26,095,902	3,481,724	13.34%	Carry over of R1,333,264 to 2010/2011 financial year
Electricity Peak Load Equipment	1,574,987	1,683,667	108,680	6.45%	Goods and Services acquired during the financial year incorrectly allocated as capital expenditure. This was rectified and the expenditure was correctly accounted for as operational expenditure. The resulted in the variance of 6.45%.
Water Mains	31,945,602	33,903,705	1,958,103	5.78%	
Sewerage Mains & Purification	78,028,944	80,946,015	2,917,071	3.60%	
	153,521,879	164,699,518	11,177,639	-7.41%	
Community Assets					
Parks & Gardens	2,707,336	3,001,000	293,664	9.79%	Repairs and Maintenance work that was accounted for as capital was rectified at the end of the financial year. This expenditure was corrected and classified as operational expenditure. This resulted in the variance of 9.79%
Libraries	1,221,816	1,558,000	336,184	21.58%	Repairs and Maintenance work that was accounted for as capital was rectified at the end of the financial year. This expenditure was corrected and classified as operational expenditure. This resulted in the variance of 21.58%
Recreation Grounds	9,345,539	9,768,852	423,313	4.33%	
Civic Buildings	20,703,576	21,660,233	956,657	4.42%	
	33,978,267	35,988,085	2,009,818	5.58%	
Other Assets					
Office Equipment	2,827,116	4,755,416	1,928,300	40.55%	Goods and Services acquired during the financial year incorrectly allocated as capital expenditure. This was rectified and the expenditure was correctly accounted for as operational expenditure. The resulted in the variance of 40.55%
Furniture & Fittings	334,463	349,302	14,839	4.25%	
Emergency Equipment	5,748,027	6,401,566	653,539	10.21%	Goods and Services acquired during the financial year incorrectly allocated as capital expenditure. This was rectified and the expenditure was correctly accounted for as operational expenditure. The resulted in the variance of 10.21%
Motor Vehicles	9,445,205	9,461,165	15,960	0.17%	
Computer Equipment	2,963,657	3,249,049	285,392	8.78%	Goods and Services acquired during the financial year incorrectly allocated as capital expenditure. This was rectified and the expenditure was correctly accounted for as operational expenditure. The resulted in the variance of 8.78%
	21,318,467	24,216,498	2,898,031	11.97%	
Total	214,869,640	231,660,374	16,790,734	7.25%	

APPENDIX E(2)

ACTUAL VERSUS BUDGET (INTANGABLES) FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %	Explanation of Variances greater than 5% R
Intangible Assets	989,967	1,230,400	(240,433)	-19.54%	Goods and Services acquired during the financial year incorrectly allocated as capital expenditure. This was rectified and the expenditure was correctly accounted for as operational expenditure. The resulted in the variance of 19.54%
	989,967	1,230,400	(240,433)	-11.68%	

AUDITOR-GENERAL
2010 -11- 30

	NAME OF GRANT	FUNDER	OV BALANCE 30/06/2003	QUARTERLY RECEIPTS						QUARTERLY EXPENDITURE (OPERATIONAL & EXPENDITURE)						CIBALAN 30/06/20
				SEPTEMBER	DECEMBER	MARCH	JUNE	TOTAL	INTEREST RECEIVED	SEPTEMBER	DECEMBER	MARCH	JUNE	TOTAL		
9000123000300	Centralle Housing Project	Provincial Government	(936,300)	0	0	0	0	0	0	0	0	0	0	0	0	0
9000123000400	Calvinia Bibliv Project	Finance Calvinia Transit Authority	(122,435)	0	0	0	0	0	(4,393)	0	0	0	125,005	125,005	125,005	(4,393)
9000123000500	Ondersoek Bestuur Administrasie	RKS Rietfontein Upgrades	(709,768)	0	0	0	0	0	(18,543)	0	0	0	0	0	0	(18,543)
9000123000600	1068 Hoër VGK Steinkop	Provincial Government	(939,884)	0	0	0	0	0	0	0	0	0	0	0	0	0
9000123000800	Gemeentelike Straat Dip	Contractors	(874,737)	0	0	0	0	0	0	0	0	0	0	0	0	0
9000123001000	Solid Waste Handling (Turn Around Trades) (Gamaskraal)	DWAF	(875,872)	0	0	(4,997,410)	206,335	(4,791,075)	0	0	0	0	0	0	0	0
9000123001100	HIV/AIDS Program	Provincial Government	(5,174,910)	0	0	0	0	0	0	0	0	0	0	0	0	0
9000123001200	Indigent Policy Fund	Contractors	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9000123001400	Opheffing Levy	DWAF	(36,507)	0	0	0	0	0	0	0	0	0	0	0	0	0
9000123002000	Library Personnel Grant	Provincial Government	(22,467,150)	0	0	0	0	0	(5,815,125)	0	0	0	0	0	0	(5,815,125)
9000123002400	Water and sewerage repairs Op Onde Bvg	Halsbrad Government	(764,487)	0	(12,065,999)	0	0	(12,065,999)	0	0	0	0	0	0	0	0
9000123003000	Avenue Upgrade of water & Sewerage Masterplans	Local Government SITA	(141,803)	0	0	(113,342,350)	0	(113,342,350)	(2,330)	0	0	0	0	0	0	(2,330)
9000123003100	BULKWATER RESOURCE STUDYPEBBBBPHILEW	Provincial Government	(358,000)	0	0	(330,423)	(305,977)	(1,002,291)	0	0	0	0	0	0	0	0
9000123003200	ANNUAL UPDATE OPWSIP (R150000)	Provincial Government	(14,300)	0	0	(478,000)	0	(478,000)	(37,113)	0	0	0	0	0	0	0
9000123003400	Unspent money project 59 (lawsenes)	Provincial Government	(13,957)	0	0	0	0	0	(666)	0	0	0	0	0	0	0
9000123003500	Project 2 - Steilwoud (Housing Scheme 49)	Provincial Government	(15,937)	0	(10,000)	0	0	(10,000)	(4,397)	0	0	0	0	0	0	0
9000123004200	Municipal Systems Improvement Grant	Provincial Government	(592,100)	0	0	0	0	0	(2,733)	0	0	0	0	0	0	0
9000123005100	Electrification Funding	Provincial Government	(1,567,749)	0	0	0	0	0	(2,373)	0	0	0	0	0	0	0
9000123005500	Housing Project 59 (Fraylaan)	DWAF/EHSDU	0	(733,000)	12,000	(4,003,710)	(12,496,494)	(18,478,177)	0	0	0	0	0	0	0	0
9000123005600	Whole City Housing Scheme 51	Provincial Government	(524,972)	0	0	0	0	(733,000)	(10,162)	0	0	0	0	0	0	0
9000123006000	Soneville	Provincial Government	0	(838,000)	(750,000)	0	0	(1,588,000)	(16,288)	0	0	0	0	0	0	0
9000123007000	Diamondville Street 180 Paal	Provincial Government	(9)	(9,740,342)	100,457	(8,939,180)	(7,358,367)	(25,796,482)	0	0	0	0	17,392,928	17,392,928	17,392,928	0
9000123007100	Street Furniture	Provincial Government	(323,336)	0	729,638	0	(312,249)	(30,849)	(2,733)	0	0	0	443,930	443,930	443,930	(2,733)
9000123007200	Library Grants	Provincial Government	0	0	0	0	0	0	0	0	0	0	3,948,629	3,948,629	4,291,929	(30)
9000123007300	Unallowed Dualities Hse	Provincial Government	(53,788)	0	155,151	0	(258,325)	(332,194)	(15,582)	0	0	0	25,760,483	25,760,483	25,760,483	(18,)
9000123007700	Bulk Services Levy - Water and Sewerage	Contractors	(197,300)	0	0	0	0	0	0	0	0	0	99,646	99,646	99,646	0
9000123007800	Welding Festival (Donor Agency Funding)	Department of Social Services	(431,701)	0	0	0	0	0	(2,200)	0	0	0	0	0	0	(2,200)
9000123007900	Lottery Moneys (Sasol)	Lotto	(2,302,325)	0	0	0	0	0	(7,471)	44,120	0	0	133,194	133,194	133,194	(7,471)
9000123008200	Civic Projects	Halsbrad Government	(4,290)	0	(188,177)	0	0	(188,177)	(36,388)	0	0	0	0	0	0	(36,388)
9000123008400	Bulk Services Levy - Buckleby	Halsbrad Government	(218,203)	0	0	(310,501)	(1,615,951)	(1,926,452)	(91,998)	0	0	0	182,071	182,071	182,071	(91,998)
9000123008500	Budget Related programmed - Halsbrad Treasury	Contractors	0	0	0	0	0	0	(300)	0	0	0	109,589	109,589	109,589	(300)
9000123008600	Docket Distribution WC028	Halsbrad Government	(1,622,337)	0	(11,855,000)	(7,647,348)	(936,549)	(20,438,897)	(14,338)	0	0	0	3,974,706	3,974,706	3,974,706	(14,338)
9000123008800	Swartberg Street Concrete Ice Hse	Halsbrad Government	(1,478,383)	(755)	(25,230)	(214,000)	(58,322)	(353,307)	(73,363)	0	0	0	0	0	0	(73,363)
9000123008900	Levy Audit (Transferred to 9000123018700)	District Municipality	(57,030)	0	(750,000)	0	(733,118)	(1,483,118)	(15,582)	24,049	0	0	0	24,049	24,049	8,467
9000123008750	Housing Containner Education	Provincial Government	(11,410)	45	0	393	(141)	297	(84,400)	36,647	0	0	20,978,323	21,014,970	20,978,323	(47,753)
9000123009000	Community Development Workers	Provincial Government	(6,888)	0	0	0	0	0	(7,471)	0	0	83,673	1,370,378	1,454,051	1,370,378	76,202
9000123009100	Ashlard valve sewer systems (Gamaskraal)	Provincial Government	0	0	0	0	0	0	(2,373)	0	0	0	1,151,349	1,151,349	1,392,124	(2,373)
9000123010000	Gouritzkloof Restorative (Gamaskraal)	Other	(1,501,132)	0	0	0	(3,000)	(3,000)	(737)	0	0	0	0	0	0	(737)
9000123010100	Invoice Trading Asset (Gamaskraal)	Other	(85,719)	0	0	0	(98,167)	(98,167)	(1,404)	0	0	0	80,021	80,021	80,021	(1,404)
9000123010400	Water Services Asset Management	Other	(37,200)	0	0	0	0	0	0	2,729	0	7,402	0	10,131	0	10,131
9000123010700	Clean Windstreet - ID Campaign	Provincial Government	(185,185)	0	0	0	0	0	(28,176)	0	0	4,210	83,639	87,849	16,367	(11,809)
9000123010800	Land for Provision of Industrial & Residential purposes	Other	0	0	(138,000)	0	0	(138,000)	0	0	0	0	858,466	858,466	858,466	0
9000123010900	John Water (Subdivision Ef/419)	National Government	(935,286)	(42,813)	0	0	(120,000)	(162,813)	(17,289)	0	0	0	73,873	73,873	73,873	(17,289)
9000123011000	Performance Management System	Other	(85,751)	0	0	0	(42,813)	(42,813)	(1,404)	0	0	0	0	0	0	(1,404)
9000123011000	GOLF SHIRTS PURCHASE & PAYMENT	Provincial Government	(432,357)	165,764)	0	0	0	0	0	0	0	0	0	0	0	0
9000123012000	Chalet (Gamaskraal)	Other	0	0	0	0	(403,764)	(403,764)	(5,733)	0	0	0	0	0	0	(5,733)
9000123012200	Bergsher Paddock Study	Provincial Government	(34,701)	(370)	0	0	0	(370)	(28,716)	0	0	82,351	0	82,351	82,351	(28,716)
9000123012300	HERMON WATER AANSLUITINGS	Provincial Government	(14,354,139)	35,093	0	0	0	35,093	0	0	0	0	0	0	0	0
9000123012400	EMERGENCY REST.O.R TWARRO INF. SETTL	Provincial Government	(60,751)	0	0	0	0	0	0	0	0	33,093	488,321	521,414	488,321	33,093
9000123012600	TOWERING VIR INFRASTRUK PROJEKT CW	District Municipality	0	(125,961)	0	0	0	(125,961)	(2,453)	0	0	0	1,688	1,688	0	(2,453)
9000123012800	HEROARK CONTRACTOR DEV TRAINING PROGRAM	Other	0	0	0	0	0	0	(176,726)	0	0	0	7,754,139	7,754,139	7,754,139	(176,726)
9000123013000	COLIN G BROWN GUARANTEE PIPELINE BULD	Other	0	0	0	0	0	0	0	0	0	0	69,238	69,238	69,238	0
9000123013000	STORMWATER MASTER PLAN (R1000000)PTION	Provincial Government	0	0	0	0	0	0	0	0	0	0	111,654	111,654	111,654	0
9000123013100	NEW SIYAZAMA	Provincial Government	0	0	0	0	0	0	0	0	0	0	678,382	678,382	678,382	0
9000123013200	ENF 2220	Provincial Government	0	0	0	0	0	0	0	0	0	0	26,700	26,700	26,700	0
9000123013300	GVA/LOSKAPHAT TRANSFERS	Provincial Government	0	0	0	0	0	0	0	0	0	0	50,000	50,000	50,000	0
9000123015400	DONATIONS WATER WEEK	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Other	0	0	0	0	0	0	0	0	0	0	2,191,121	2,191,121	2,191,121	0
			0	0	0	0	0	0	0	0	0	0	216,141	216,141	216,141	0
			0	0	0	0	0	0	0	0	0	0	38,630	38,630	38,630	0
			0	0	0	0	0	0	0	0	0	0	8,750	8,750	8,750	0
			(53,872,441)	(24,321,873)	(37,580,421)	(141,259,723)	(27,417,423)	(335,581,207)	(828,336)	6,019,642	6,308,332	18,055,417	124,569,439	164,932,729	164,932,729	(24,489,871)

AUDITOR-GENERAL
2010 -11- 30

APPENDIX G

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

NAME OF GRANT	REASON FOR RECEIPT	FUNDING	OPENING BALANCE 30/06/2009	CLOSING BALANCE 30/06/2010
Carterville Housing Project	Housing Projects	Ongoing	(956,502.59)	(956,502.59)
Cables: 66kv Project	Create Infrastructure	Once	(125,434.94)	(4,822.90)
Daljosafat Sintelise Atletiekbaan	Improvement to track	Once	(709,788.13)	(759,331.34)
1068 Hulse WDR Skenking	Housing Projects	Ongoing	(920,603.70)	(920,603.70)
Drommedaris Street EHP	Housing Projects	Ongoing	(879,747.27)	(331,947.13)
Solid Waste Handling (Turn Around Trade) (Guarantee)	Guarantee	Once	(935,872.10)	(935,872.10)
HIV/AIDS Program	Aids Programs	Once	(36,507.45)	(38,758.41)
Indigent Policy Fund	Funding to Indigent Debtors	Ongoing	(22,467,156.12)	(14,394,943.09)
Opleiding Levy	Training	Ongoing	(764,487.15)	(336,160.20)
Water and sewerage repairs: De Oude Brug	Create Infrastructure	Once	(14,359.82)	(5,995.26)
Annual Update of water & Sewerage Masterplans	Create Infrastructure	Once	(13,857.40)	(122,454.25)
BULK WATER RESOURCE STUDY(R200000)PRL&W	Study	Once	0.00	(82,792.00)
ANNUAL UPDATE OFWSDP (R150000)	Create Infrastructure	Ongoing	(18,997.11)	(51,370.11)
Unspent money project 59 (guarantee)	Guarantee	Once	(592,190.39)	(592,190.39)
Project 2 - Mbekweni (Housing Scheme 49)	Housing Projects	Ongoing	(1,504,748.75)	0.00
Municipal Systems Improvement Grant	Capacity Building	Ongoing	0.00	(301,331.71)
Electrification Funding	Create Infrastructure	Once	(524,012.03)	(18,288.02)
Soccerfield	Upgrading of Soccerfields	Once	(223,235.69)	(238,817.54)
Sport Facilities	Upgrading of Sportfacilities	Once	(53,708.10)	(11,797.53)
Library Gouda	Create Infrastructure	Once	(197,360.13)	(22,710.54)
Mbekweni Business Hive	Construction Work	Once	(431,701.03)	(348,420.21)
Bulk Services Levy - Water and Sewerage	Bulk Services	Ongoing	(2,302,225.38)	(425,584.98)
Writing Festival (Donor Agency Funding)	Writing Festival	Once	(4,298.59)	(4,598.63)
Lottery Moneys (Saron)	Building Library	Once	(218,262.84)	(208,609.82)
Cmip Projects	Infrastructure Projects	Ongoing	0.00	(562,477.35)
Bulk Services Levy - Electricity	Bulk Services	Ongoing	(1,622,536.72)	(558,840.20)
Budget Reform programmed - National Treasury	Funding to Interns	Ongoing	(1,476,383.36)	(1,028,739.39)
Bucket Eradication: WC056	Bucket Eradication	Once	(754.83)	(754.83)
Swartberg street Concrete for bins	Infrastructure Projects	Once	(67,036.04)	(3,389.91)
Land Audit ((Transferred to 000012010704)	Land Audit	Once	(11,416.27)	(12,213.13)
Housing Consumer Education	Housing Projects	Ongoing	(6,895.51)	(34,732.33)
Ashanti wine sewer system (Guarantee)	Guarantee	Once	(1,001,152.09)	(130,839.86)
Gaussian Resource (Guarantee)	Guarantee	Once	(61,719.18)	(61,719.18)
Imvusa Trading dool (Guarantee)	Guarantee	Once	(97,938.59)	(24,065.10)
Water Services Asset Management	Study	Once	(189,180.00)	(326,572.76)
Cape Winelands - ID Campaign	Id Campaign	Ongoing	0.00	(44,326.69)
Land for provision of Industrial & Residential purposes	Land Acquisition	Once	(535,298.09)	(535,298.09)
John Miller (Subdivision Erf413)	Guarantee	Once	(65,750.56)	(3,199.16)
Performance Management System	Performance Management	Ongoing	(437,357.29)	(443,910.12)
GOLF SHIRTS:PURCHASE & PAYMENT	Golf Shirts	Once	0.00	(570.00)
Chatel (Guarantee)	Guarantee	Once	(34,780.54)	0.00
Bergriver Pollution Study	Pollution Study	Once	(14,254,139.42)	(6,500,000.42)
HERMON WATER AANSLUITINGS	Water Connections	Once	(69,750.98)	(2,985.19)
EMERGENCY KITS:O R THAMBO INF SETTL	Housing Projects	Ongoing	0.00	(14,307.06)
TOEKENING VIR INFRASTRUK PROJEKT CW	Infrastructure Projects	Once	0.00	(1,988,681.97)
NEDBANK CONTRACTOR DEV TRAINING PROGRAM	Development Training	Once	0.00	(496,027.57)
STORMWATER MASTER PLAN (R200000)WTON	Study	Once	0.00	(225,608.20)
DALJOSAPHAT TRANSFERS	Housing Projects	Ongoing	0.00	(453,180.00)
DONATIONS WATER WEEK	Donations	Ongoing	0.00	(3,250.00)
			(53,827,147.14)	(34,569,571.36)

AUDITOR-GENERAL
2010 -11- 30